

Stock Code: 600884

Abbreviation: NBSS

Ningbo Shanshan Co., Ltd.
2024 Annual Report

Important Notes

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

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

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

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

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

According to the audit report issued by Pan-China Certified Public Accountants LLP, the net profit attributable to shareholders of the listed company in the consolidated financial statements for the year 2024 was RMB-367,136,028.73, while the net profit in the parent company's financial statements was RMB-305,639,501.63. In light of the overall loss for 2024 and pursuant to the relevant provisions of the *Articles of Association*, the Company does not meet the prerequisite conditions for cash dividend distribution. Taking into full account the Company's current business operations and future development needs, and in order to safeguard the long-term interests of the Company and its shareholders, the Company proposes not to distribute cash dividends, issue bonus shares, or convert capital reserves into share capital for the year 2024.

VI. Risk associated with forward-looking statements

Applicable Not applicable

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

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

Yes

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

No

IX. Did more than half of the directors cannot guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company?

No

X. Material risk alert

The Company has detailed the possibly relevant risk in this Report, investors may refer to “(IV) Risk Exposures” in “VI. Discussion and Analysis on Future Development of the Company” under “Section III Management Discussion and Analysis”.

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

Section I Definitions

I. Definitions

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

Definitions of Common Terms	
Reporting Period	Year 2024
CSRC	China Securities Regulatory Commission
CSRC Ningbo Branch	Ningbo Regulatory Bureau of the China Securities Regulatory Commission
CSRC Liaoning Branch	Liaoning Regulatory Bureau of the China Securities Regulatory Commission
SSE	Shanghai Stock Exchange
CSDC	China Securities Depository and Clearing Co., Ltd.
Pan-China	Pan-China Certified Public Accountants LLP
BDO	BDO China Shu Lun Pan Certified Public Accountants LLP
Yinzhou Court	People's Court of Yinzhou District, Ningbo City, Zhejiang Province
GDR	Global depository receipt
2022 Equity Incentive Plan	2022 Stock Option and Restricted Share Incentive Plan
The Company, Company or NBSS	Ningbo Shanshan Co., Ltd.
Shanshan Holdings	Shanshan Holdings Co., Ltd.
Shanshan Group	Shanshan Group Co., Ltd.
Pengze Trading	Ningbo Pengze Trading Co., Ltd. (宁波朋泽贸易有限公司)
Yinzhou Jielun	Ningbo Yinzhou Jielun Investment Co., Ltd. (宁波市鄞州捷伦投资有限公司)
Yongquan Investment	Ningbo Yongquan Investment Co., Ltd.
Shanshan New Energy	Ningbo Shanshan New Energy Technology Development Co., Ltd.
Shanshan Anode	Shanghai Shanshan Lithium Battery Materials Technology Co., Ltd. (上海杉杉锂电材料科技有限公司) and its subsidiaries
Fujian Shanshan	Fujian Shanshan Technology Co., Ltd.
Sichuan Shanshan	Sichuan Shanshan New Material Co., Ltd.
Ningbo Shanshan	Ningbo Shanshan New Material Technology Co., Ltd.
Shanjin Optoelectronics	Shanjin Optoelectronics (Suzhou) Co., Ltd. and its subsidiaries
Shanjin Nanjing	Shanjin Optoelectronics (Nanjing) Co., Ltd.
Shanjin Guangzhou	Shanjin Optoelectronics (Guangzhou) Co., Ltd.
BASF Shanshan	BASF Shanshan Battery Material Co., Ltd.
Quzhou Shanshan	"Shanshan Advanced Materials (Quzhou) Co., Ltd.", the Company's former electrolyte subsidiary, now renamed "Sunyes Shanshan New Material Technology (Quzhou) Co., Ltd. (新亚杉杉新材料科技(衢州)有限公司)"
Dongguan Shanshan	Dongguan Shanshan Battery Material Co., Ltd.
Shanxin Photovoltaic	Ningbo Shanxin Photovoltaic Energy Management Co., Ltd. (宁波杉鑫光伏能源管理有限公司)
Ningbo Ulica or Ulica	Ningbo Ulica SOLAR Co., Ltd.
Suiyong Holdings	Suiyong Holdings Co., Ltd.
Shanshan Brand	Shanshan Brand Management Co., Ltd.
Xinya Process	Xinya Process (Zhejiang) Co., Ltd. (新亚制程(浙江)股份有限公司)
Xinya Zhongning	Zhejiang Xinya Zhongning New Energy Co., Ltd.

Section II Company Profile and Key Financial Indicators

I. Company Information

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

II. Contact Details

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

III. General Information

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

IV. Information Disclosure and Place Available for Inspection

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

V. Shares of the Company

V. Shares of the Company

Type of shares	Stock exchange for listing	Stock abbreviation	Stock code
A Shares	Shanghai Stock Exchange	NBSS	600884
GDR	SIX Swiss Exchange	Ningbo Shanshan Co., Ltd.	SSNE

VI. Other Relevant Information

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

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

(I) Key Financial Data

Unit: Yuan Currency: RMB

Key financial data	2024	2023	Increase/Decrease for the period as compared to the same period last year (%)	2022
Operating revenue	18,679,729,021.40	19,070,225,164.95	-2.05	21,701,617,268.32
Operating revenue excluding income unrelated to the principal business and income without commercial substance	18,519,788,118.73	18,895,940,365.41	-1.99	20,541,007,253.43
Net profits attributable to shareholders of the listed company	-367,136,028.73	765,337,842.07	-147.97	2,691,262,599.60
Net profit attributable to shareholders of the listed company, net of non-recurring profit or loss	-768,397,083.95	218,864,413.71	-451.08	2,328,894,845.78
Net cash flows from operating activities	1,860,217,174.57	-198,131,598.40	N/A	506,497,694.79
	End of 2024	End of 2023	Increase/Decrease as at the end of the period as compared to the end of the same period last year (%)	End of 2022
Net assets attributable to	21,581,444,072.50	22,669,169,067.26	-4.80	23,053,341,900.80

shareholders of the listed company				
Total assets	46,207,982,304.59	48,474,965,995.75	-4.68	44,925,491,219.31
Total share capital at the end of the period	2,253,396,168.00	2,258,223,223.00	-0.21	2,263,973,358.00

(II) Key Financial Indicators

Key financial indicators	2024	2023	Increase/Decrease for the period as compared to the same period last year (%)	2022
Basic earnings per share (RMB/share)	-0.17	0.35	-148.57	1.23
Diluted earnings per share (RMB/share)	-0.17	0.35	-148.57	1.23
Basic earnings per share after deduction of extraordinary items (RMB/share)	-0.35	0.10	-450.00	1.06
Weighted average return on net assets (%)	-1.66	3.35	Decrease by 5.01 percentage points	12.93
Weighted average return on net assets ratio after deduction of extraordinary items (%)	-3.47	0.96	Decrease by 4.43 percentage points	11.19

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

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

(III) Description of discrepancies between Chinese and Overseas Accounting Standards

Applicable Not applicable

IX. Quarterly Key Financial Data for 2024

Unit: Yuan Currency: RMB

	The First Quarter (January to March)	The Second Quarter (April to June)	The Third Quarter (July to September)	The Fourth Quarter (October to December)

			September)	December)
Operating revenue	3,752,317,241.38	5,067,538,794.53	4,463,778,802.55	5,396,094,182.94
Net profits attributable to shareholders of the listed company	-73,281,825.97	90,856,362.63	5,638,334.61	-390,348,900.00
Net profit attributable to shareholders of the listed company, net of non-recurring profit or loss	-73,353,880.26	97,260,315.72	12,426,260.56	-804,729,779.97
Net cash flows from operating activities	324,460,529.12	367,011,646.46	312,009,647.62	856,735,351.37

Differences between data by quarter and data disclosed in periodical reports

Applicable Not applicable

X. Non-recurring Profit or Loss Items and Amounts

Applicable Not applicable

Non-recurring profit and loss items	Unit: Yuan Currency: RMB		
	Amount in 2024	Amount in 2023	Amount in 2022
Gains and loss from the disposal of non-current assets (including the written off part for which provision for asset impairment has been made)	316,840,173.22	343,135,585.57	165,749,941.33
Government grants included in the current profit and loss, except those closely related to the Company's normal operations, conforming to the State policies and regulations, enjoyed persistently in line with certain standard ratings or rations, and having a lasting impact on the Company's profit and loss	149,274,614.29	433,970,874.27	173,791,345.88
Payment for the use of funds included in the current profit and loss and collected from non-financial business	3,675,997.31	31,320,394.52	
Gains or losses from changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and gains or losses from disposal of financial assets and financial liabilities, except for effective hedging operations related to the Company's normal business operations	4,062,734.07	-7,516,000.00	42,133,153.64
Reversal of impairment provisions for accounts receivable subject to separate impairment testing	13,610,635.00		
Non-operating income and expenses other than those mentioned above	-29,208,772.72	-34,257,498.06	10,295,394.82
Less: effect of income tax	45,550,658.41	177,879,353.22	19,786,071.03
Effect of non-controlling interests (after tax)	11,443,667.54	42,300,574.72	9,816,010.83
Total	401,261,055.22	546,473,428.36	362,367,753.82

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

Applicable Not applicable

XI. Items Measured at Fair Value

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Change during the period	Amount of impact on the profits for the period	Closing balance
Other equity instrument investment	842,256,655.01	-715,770,336.48		126,486,318.53
Other non-current assets	202,225,284.01	34,812,023.85	-7,980,334.68	237,037,307.86
Receivable financing	819,020,204.62	-776,801,242.85		42,218,961.77
Total	1,863,502,143.64	1,457,759,555.48	-7,980,334.68	405,742,588.16

Section III Management Discussion and Analysis

I. Operation Discussion and Analysis

Operation Profile

During the Reporting Period, despite a complex and evolving external business environment and industry dynamics, the Company remained focused on its strategic priorities and continued to drive innovation. As a result, both of its core businesses achieved steady growth in sales volume, with market share consistently ranking among the industry leaders. In 2024, the Company's total operating revenue from anode materials and polarizer business amounted to RMB18.636 billion, with a net profit of RMB659 million. Guided by customer demand, the anode materials business enhanced product competitiveness through R&D-driven innovation and deepened strategic cooperation with key clients, resulting in a significant year-on-year increase in sales volume. Profitability also improved markedly year-on-year, driven by accelerated ramp-up of integrated production capacity in Yunnan, product mix optimization, and cost reduction and efficiency enhancement initiatives. The polarizer business segment continued to consolidate its leading position in the global market by its strategic positioning through core technology patents, breakthroughs in high-end product R&D, and increased localization of raw materials, thereby further strengthening its core competitiveness. In addition, as of the date of disclosure of this Report, the Company has successfully completed the closing of the SP business acquisition, which, by integrating the target company's core patent technologies and global customer resources, will further enhance polarizer business' technological advantages and high-end product deployment.

During the Reporting Period, the Company realized an operating income of RMB18.68 billion; net profit attributable to shareholders of the listed company of RMB -367 million; and net profit attributable to shareholders of the listed company of RMB -768 million after deduction of non-recurring profit or loss. Reasons for the net loss in the Reporting Period:

(1) Significant losses incurred by investee companies, including BASF Shanshan and Suiyong Holdings in which the Company holds long-term equity investments, with a loss of RMB506 million from long-term equity investments accounted for using the equity method.

(2) Considering changes in the industry market and actual operating conditions, and based on the principle of prudence, the Company has made provisions for impairment on long-term equity investments representing 49% stake in BASF Shanshan and 31.25% stake in Quzhou Shanshan, goodwill generated from the acquisition of the polarizer business, and other receivables arising from the disposal of the electrolyte business, with an estimated impact on profits and losses of approximately RMB-394 million;

(3) The parent Company's financial expenses and two other major operating costs as well as other costs are projected to impact profits and losses of approximately RMB-368 million.

(I) Anode Material Business

In 2024, the anode material industry demand maintained steady growth; however, the overall industrial chain of lithium battery materials was still experiencing a phase of excess capacity, leading to intense market competition and persistently low prices for anode materials. The industry has entered a

period of accelerated reshuffling. During the Reporting Period, the Company achieved a significant increase in sales volume through proactive measures such as deeply cultivating the market, enhancing collaboration with major customers, and maintaining a leading edge in product iteration. In 2024, the sales volume of the Company's anode materials experienced a year-on-year growth of 28.44%. Benefiting from increased downstream demand and the implementation of cost reduction and efficiency enhancement initiatives, the Company saw a strong order backlog for anode materials beginning in the second quarter of 2024, resulting in a substantial year-on-year increase in net profit.

The details are as follows:

- **Maintaining a Leading Position in the Market**

The Company has continuously strengthened the depth and breadth of cooperation with global leading battery companies, and achieved significant growth in sales to the major customers, with the growth rate of anode materials sales of the Company surpassing that of the industry. According to data from ICC, the Company maintained its market leadership in artificial graphite anode materials in 2024.

- **Focusing on Customer Needs and Continuously Innovating through Product Iteration**

The Company adhered to the strategy of product leadership and maintained a high level of investment in research and development. The Company's artificial graphite products are consistently developed with a downstream customer demand-oriented approach, enabling continuous breakthroughs in both innovative technologies and product performance. For instance, high-energy density 6C ultra-fast charging anode materials for power applications have been supplied to major customers in China, and 6C+ extreme fast charging anode materials for digital devices have been supplied to major battery customers; the second-generation long-life artificial graphite for power applications, as well as the silicon-matched graphite for 3C fast charging, has achieved mass production. These advancements cement the Company's leadership in fast-charging technology.

The Company has continuously achieved technological iterations and upgrades in its silicon-based anode products, having successfully developed proprietary homogeneous deposition technology for silicon-carbon anodes. This advancement significantly improves the material's cycling stability and rate capability. Currently, the Company's silicon-based anode production line in Ningbo has achieved mass production capabilities. The new high-pressure, long-cycle silicon-carbon anode products have entered mass production and have been certified by major customers at home and abroad, resulting in successful batch deliveries.

The Company's hard carbon anode products are leading in capacity, high temperature and processing performance. The self-designed 1,000-ton hard carbon production line has been put into production, enabling batch application in the fields of sodium battery, lithium battery (including semi-solid-state/all-solid-state batteries) and supercapacitor, while also achieving successful adoption by major customers.

- **Adhering to a Major Customer Strategy and Continuously Optimizing Client Mix**

The Company has established long-term stable partnership with global mainstream lithium battery manufacturers. In 2024, sales to major customers such as CATL, ATL, etc. experienced significant year-on-year growth, with their sales growth rates substantially outpacing the overall growth of the Company's

anode sales. The share of sales made to the top ten customers also increased.

- **Enhancing Cost Leadership Strategy and Focusing on Cost Reduction and Efficiency Enhancement**

Facing the profitability pressure brought about by the decline of product prices, the Company has undertaken in-depth initiatives to enhance efficiency and optimize potential. By setting clear cost reduction targets and thoroughly exploring avenues for cost savings, the Company is committed to significantly improving its profitability. During the Reporting Period, the Company consistently implemented cost-reduction initiatives, including lowering raw material costs, optimizing production processes to reduce energy consumption, and enhancing efficiency through intelligent manufacturing. The Company's self-developed proprietary chamber furnace technology has undergone multiple generations of technical upgrades, driving further reductions in graphitization processing costs while significantly enhancing production efficiency and cost competitiveness.

(II) Polarizer Business

During the Reporting Period, the end market of the display industry exhibited signs of a gradual recovery, which in turn drove year-on-year growth in overall demand for polarizers. At the same time, the competitive landscape of the polarizer industry underwent notable changes, as Japanese and Korean manufacturers gradually scaled back production capacity or exited the market, while Chinese manufacturers actively seized market share through mergers and acquisitions as well as capacity expansion. In this process, industry concentration continued to increase, and competition in the domestic market intensified. As competition further deepened, polarizer product prices came under increased pressure, presenting new challenges to the Company's polarizer business development.

Leveraging product advantages, supply chain resilience, and entrenched customer loyalty, the Company achieved robust sales growth in its polarizer business while maintaining a leading global market share. According to the data of CINNO Research, in 2024, the Company's market share in large-size polarizers (including TFT-LCD TVs/displays/notebooks) in terms of shipment area was approximately 33%, remaining the world's No. 1.

The details are as follows:

- **Advancing High-End Product R&D and Market Expansion, and Driving Iterative Upgrades of Products**

In 2024, the Company continued to strengthen its leadership in LCD polarizer products through a dual-driving strategy of strategic customer collaboration and technological innovation. This approach reinforced the Company's leadership in high-end TV polarizer products while significantly increasing its share in the high-end small and medium-sized product segment. In terms of the high-end TV polarizer products, the Company has maintained stable shipments of ultra-low reflection, high transmission, wide-viewing angle, and super-size 115-inch polarizers. Through ongoing technological innovations, the Company has solidified and enhanced its leadership in the high-end TV market. In terms of small and medium-sized products, the Company has utilized low-impedance, wide-viewing angle, and ultra-thin

technologies to meet the market's urgent demand for lightweight, high-definition, and high-reliability solutions. At the same time, it continued to invest in R&D to drive ongoing product upgrades and iterations.

At the same time, the Company has accelerated the industrialization of OLED polarizer products. The Company has successfully developed solutions suitable for both large-sized and small and medium-sized OLED applications, with several models having received certification from multiple well-known brands. The polarizers for OLED TV have achieved stable shipments and significantly increased market share, while polarizers for OLED smartphones and displays entered mass production and shipment, and the Company would continue to advance customer certification

In terms of automotive polarizer, the Company has established a robust reserve of core technologies, enabling it to offer a variety of polarizer solutions characterized by low-impedance, wide-viewing angle, high transmission, and customized processing, to meet the stringent demands of automotive displays. The closing of acquisition of the automotive polarizer business has been successfully completed, and stable shipments are currently in progress.

- **Maintaining High-Intensity R&D Investment, and Strengthening Technological Advantages**

During the Reporting Period, the Company continued to advance the establishment of its global polarizer R&D center, enhance collaboration between industry, academia, and research institutions, actively attract high-end talent and advanced technologies to achieve independent and secure technology development in the polarizer field, while promoting technological iteration and advancement within the display industry through collaborative innovation. At the same time, the acquisition of the SP business further augmented the Company's overall technical and product capabilities. The Company possesses core technology patents spanning optical engineering, materials, adhesion technologies, and production processes, with its patent portfolio granted in multiple countries, including China, South Korea, Japan, and the United States.

- **Continuously Enhancing Process Innovation, and Strengthening Supply Chain Resilience**

During the Reporting Period, the Company further advanced process innovations to achieve enhancement in both product quality and production efficiency. In terms of production processes, the Company consistently focuses on metrics such as yield rates and material wastage rates. By optimizing production workflows through lean manufacturing principles, the Company has successfully reduced waste and enhanced production efficiency; Regarding workshop management, the Company has upgraded its smart manufacturing capabilities, which ensures seamless information connectivity while maintaining production safety, thereby achieving integration of internal and external workshop management. This has elevated the levels of intelligence and automation, resulting in reduced product defect rates and lower energy consumption.

In addition, the Company has strengthened collaboration with strategic suppliers to enhance the meticulous management of material costs and expedite the localization of raw material sourcing. These initiatives have bolstered the security and stability of the supply chain, thereby enhancing our competitiveness.

II. Industry Status during the Reporting Period

(I) Overview of Anode Materials Industry

According to the White Paper on the Development of China's New Energy Vehicle Power Battery Industry (2025) released by EVTank in conjunction with China YiWei Institute of Economics, global sales of new energy vehicles reached 18.236 million units in 2024, representing a year-on-year increase of 24.4%. Geographically, driven by favorable policies such as trade-in incentives and the promotion of new energy vehicles in rural areas, China's sales of new energy vehicles reached 12.866 million units in 2024, representing a year-on-year increase of 35.5% and accounting for 70.5% of global sales up from 64.8% in 2023; the annual sales of new energy vehicles in the Europe and the United States in 2024 was 2.89 million units and 1.573 million units, respectively, with year-on-year growth rates of -2.0% and 7.2%, respectively. Driven by the growing demand for new energy vehicles, global power battery shipments reached 1,051.2GWh in 2024, representing a year-on-year increase of 21.5%.

Global shipments of energy storage batteries amounted to 369.8GWh in 2024, with a year-on-year growth of 64.9%, according to EVTank data. China's energy storage market experienced significant demand growth in 2024, driven by the renewable energy storage mandate, enhanced deployment by central and state-owned enterprises, and declining costs of energy storage batteries. The overseas energy storage battery market experienced robust demand growth, fueled by mandatory storage requirements and Investment Tax Credit (ITC) incentives in the U.S., coupled with demand growth in emerging markets such as the U.K., Saudi Arabia, and Australia.

Driven by the dual impetus of the new energy vehicle and energy storage markets, market demand for lithium-ion batteries has sustained its upward trajectory, directly propelling the expansion of both production and sales volumes in the anode materials sector. According to data from iccsino.com, global production of anode materials reached 2.1673 million tons in 2024, representing a year-on-year increase of 23%, with China's share of total output rising to 98.5%; the penetration rate of artificial graphite anode materials also increased to 89%, showing further growth compared to the previous year.

In 2024, anode material prices stabilized overall; however, the industry continued to experience structural overcapacity. Accelerated market order differentiation has expedited the phase-out of low-end production capacity, while leading enterprises expanded their market share by leveraging technological barriers and entrenched customer loyalty. The rapid iteration of technologies such as fast-charging, (semi-)solid-state batteries, and large cylindrical batteries has driven demand for high-performance products, accelerating the R&D and commercialization of next-generation anode materials.

China's laws, administrative regulations, regulations of ministries and industry policies released in 2024

Publication time	Published by	Policy	Content
January 2024	National Development and Reform Commission, National	Guidelines on Enhancing Grid Peak Regulation, Energy Storage and Smart Dispatch Capabilities	To promote the development of customer-side new energy storage system. To focus on end-users such as big data centers, 5G base stations, and industrial parks, optimize customer-side energy storage deployment through integrated generation-grid-load-storage systems, and enhance power supply reliability while

	Energy Administration		improving localized absorption capacity for distributed renewable energy. To explore the development of user-side energy storage facilities, including uninterruptible power supplies and electric vehicles, to promote the participation of electric vehicles in power system regulation through various forms such as smart charging, vehicle-to-grid integration, and battery swapping, and to unlock the potential of distributed demand-side flexibility resources.
March 2024	State Council	The Action Plan for Promoting Large-Scale Equipment Renewal and Consumer Goods Trade-in	To continuously advance the electrification of urban bus fleets by supporting the phased replacement of aging new energy buses and the upgrading of power batteries.....to strengthen industrial capacity building for green aviation equipment, including electric and hydrogen-powered solutions. To accelerate the retirement and replacement of high-energy-consumption, high-emission legacy vessels, while actively promoting the development of new energy-powered ships.....to progressively expand the application scope of new energy vessels such as electric, LNG-powered, biodiesel-compatible, and green methanol-capable vessels.
April 2024	National Energy Administration	Notice on Promoting the Grid Integration and Dispatch Utilization of New Energy Storage Systems	To actively support the development of integrated utilization models that combine new energy with energy storage, aggregation storage systems, and solar-storage-charging hybrids, and to prioritize the dispatch of pilot demonstration projects for novel energy storage, thereby maximizing the value potential of various energy storage solutions.
May 2024	State Council	Action Plan for Energy Conservation and Carbon Reduction (2024-2025)	To phase out purchase restrictions on new energy vehicles across various regions; to implement supportive policies to facilitate the passage of new energy vehicles; and to accelerate the electrification of vehicles in the public sector, while methodically deploying new energy medium and heavy-duty trucks to develop zero-emission freight fleets.
August 2024	State Council	Opinions on Accelerating the Comprehensive Green Transformation of Economic and Social Development	To spearhead the large-scale adoption of new energy vehicles and accelerate the electrification of urban public service fleets.....To reduce carbon emission intensity per converted turnover unit of operational transportation vehicles by approximately 9.5% by 2030 versus 2020 levels. New energy vehicles are projected to account for the majority of new vehicle sales by 2035.
August 2024	Three departments including National Development and Reform Commission	Action Plan for Accelerating the Development of a New-Type Power System (2024-2027)	To focus on enhancing the system regulation capabilities through advanced energy storage technologies, based on the effective utilization of conventional regulation measures. To conduct a scientific analysis of the requirements for regulation capacity, in response to the rapid development of new energy and the corresponding surge in system regulation demands in certain regions. With operational safety as our priority, to strategically deploy a series of shared energy storage stations while refining the mechanisms for utilization and market-oriented operation. To enhance system-wide power supply reliability and new energy integration capabilities.

October 2024	Six departments including National Development and Reform Commission	The Guiding Opinions on Vigorously Promoting Renewable Energy Substitution Initiatives	To promote the development of integrated multifunctional stations featuring solar power generation, energy storage, and charging/discharging capabilities at highway rest areas, railway stations, bus terminals, airports, and ports where conditions permit. To accelerate the development of electric passenger vehicles, to methodically advance the electrification of public buses, and to explore and pioneer the adoption of new energy medium and heavy-duty trucks.
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(II) Polarizer Industry Overview

In 2024, driven by multiple factors - including the hosting of major international sporting events, the Chinese government’s “trade-in” subsidy policy, and the continued trend toward larger television panel sizes - the global shipment area of television panels achieved year-on-year growth. At the same time, the replacement cycle for IT devices began, coupled with new demand arising from AI PCs, the development of diversified application scenarios, and continued stimulus from China’s “trade-in” subsidy policy, all of which collectively contributed to a significant increase in demand for IT panels. According to data from Wind, in 2024, the global shipment area of large-sized LCD panels (including LCD panels for televisions, monitors, notebook computers, and large-sized tablets) grew by 7% year-on-year. In addition, demand for smartphone panels and in-vehicle display panels also increased concurrently. Stimulated by the recovery in downstream display panel demand, the market demand for polarizers increased in tandem. According to a survey by Yano Research Institute, the global polarizer market, measured by manufacturer production volume, is projected to reach 594.3 million square meters in 2024, representing a year-on-year growth of approximately 5.3%.

In 2024, the global competitive landscape of the polarizer market continued to reshape. Japanese and Korean manufacturers gradually reduced production capacity or exited the market, while Chinese manufacturers actively expanded their market share through mergers and acquisitions, as well as capacity expansion. As industry concentration increases and the domestic substitution process deepens, market competition in the polarizer industry has intensified, leading to a periodical adjustment in product prices. According to data from Sigmaintell, in 2024, China (including the Taiwan region) accounted for more than 70% of the global polarizer production capacity by area. It is projected that upon completion of capacity consolidation by 2027, this share will approach 90%. While industry concentration continues to rise, it has also intensified competition in the domestic market. As competition deepens, the prices of polarizer products are under greater pressure, posing new challenges for the development of polarizer manufacturers.

Table: Newly released major laws, administrative regulations, departmental rules, and industry policies

Publication time	Published by	Policy	Content
March 2024	State Council	<i>Action Plan to Promote Large-scale Equipment Renewals and Trade-ins of Consumer Goods</i>	Launch of trade-in programs for home appliances. Support is provided for home appliance retailers, in collaboration with manufacturers and recycling enterprises, to carry out promotional activities for trade-ins. Dedicated online and offline trade-in sections for home appliances shall be established. Consumers exchanging old home appliances for energy-efficient ones shall receive discounts. Local

			governments with sufficient resources are encouraged to provide subsidies to consumers for purchasing green and smart home appliances.
July 2024	National Development and Reform Commission, Ministry of Finance	Notice on <i>Several Measures for Further Supporting Large-Scale Equipment Renewals and Trade-ins of Consumer Goods</i>	Support is provided for the trade-in of household appliances. Individual consumers who purchase any of the eight categories of household appliances - such as televisions and computers - that meet Level 2 or higher energy efficiency or water efficiency standards shall be eligible for trade-in subsidies. The subsidy amount is 15% of the product's sales price. For products that meet Level 1 or higher energy efficiency or water efficiency standards, an additional subsidy of 5% of the product's sales price shall be granted. Each consumer may receive a subsidy for one unit in each product category, with the subsidy amount for each unit not exceeding RMB2,000.
January 2025	National Development and Reform Commission, Ministry of Finance	Notice on <i>Expanding the Implementation of the Policy on Large-Scale Equipment Renewals and Trade-Ins of Consumer Goods in 2025</i>	Continued support for trade-in of eight categories of home appliances such as televisions and computers. Individual consumers purchasing three categories of digital products - mobile phones, tablets, and smartwatches/smartbands - each priced at no more than RMB6,000 per unit, shall receive a subsidy equivalent to 15% of the product's sales price. Each consumer may receive a subsidy for one unit of each product category, with a maximum subsidy of RMB500 per unit.

III. Business Status during the Reporting Period

The Company has established a strategic framework centered on the synergistic development of its dual core businesses: anode materials for lithium-ion batteries and polarizers. As a pioneer in the field of artificial graphite anode materials for lithium-ion batteries in China, the Company has been deeply engaged in the industry for over two decades, during which it has built a globally leading R&D and manufacturing system, firmly maintaining its position as a market leader in the artificial graphite anode material sector. In 2021, through the strategic acquisition of LG Chem's LCD polarizer business, the Company became a global leader in the polarizer industry, thereby forming a new pattern of dual-core business development. In the face of the global wave of electrification and intelligentization, the Company has continued to deepen its technological barriers and strengthen its core competitiveness to achieve steady and sustainable development.

(I) Anode Material Business

1. Business profile

The Company's anode materials business covers the R&D, production and sales of anode materials for lithium-ion batteries. The main products of the Company include artificial graphite, natural graphite, and silicon-based anode. All the above products can be primarily applied in NEVs, consumer electronics and energy storage industries, etc.

The main products and applications of the Company's anode materials business are detailed below:

Classification	Product	Application
Anode material	Artificial graphite	Mainly used in the 3C digitals with high-energy density and high-power density, power batteries for EVs and energy storage
	Natural graphite	Mainly used in the 3C digitals with high-energy density and high-power density and power batteries for EVs, including cylinder battery and blending
	Silicon-based anode materials	Mainly used in the 3C digitals with high-energy density, electric tools, and power batteries for EVs

2. Operating model

(1) Procurement

The Company adopts a management model combining centralized and decentralized procurement.

For raw and auxiliary materials, production equipment, testing equipment, logistics and transportation, general consumables and others required for production, the supply chain center integrates the demand of each factory, collaborates with R&D, technology, quality and others to select superior suppliers, and the headquarters of anode material sector centralizes pricing through bidding, competitive negotiation, price comparison and cost analysis, and signs framework agreements. The factory places purchase orders or purchase and sales contracts as required and follows up delivery, acceptance, account checking, payment and other affairs.

For local demands such as preparation for parts and small works, the procurement department of each factory, following the commercial management requirements of multiple inquiries and cost analysis, develops suppliers nearby, organizes commercial negotiations, initiates inquiries and pricing applications, places purchase orders based on pricing results, and follows up the deliveries to efficiently respond to factory needs.

For key materials or equipment, the supply chain center of the anode material sector, based on the supply structure and market research, makes the best choice, to promote the construction of strategic partnership with suppliers and achieve guaranteed supply, win-win cooperation and long-term development.

(2) Production

In accordance with the production principle of “production based on sales,” the Company formulates monthly plans in an integrated manner based on the sales schedule. It also manages inventory by referencing rolling market forecasts and reserves of general-purpose products, thereby shortening delivery cycles, improving order fulfillment rates, and enhancing customer satisfaction. Various departments work in close coordination to adopt a more flexible production model in order to meet market demand.

The Company’s products are primarily produced through integrated production, outsourced processing, a combination of partial integration, customized production, technical cooperation and joint R&D, as well as multi-process collaborative manufacturing. By employing integrated and automated production models, the Company reduces production costs and enhances production efficiency.

(3) Sales

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

3. Market status of products

Data from ICC showed that the Company ranked first in the artificial anode material segment in 2024, maintaining its leading position. The Company's product technologies have consistently remained at the forefront of the industry. In particular, its fast-charging products, underpinned by a forward-looking strategic layout, have established robust technological barriers, maintained a leading share in downstream applications, and achieved generational advantages in product performance. The Company's new silicon-carbon products have continued to make technological breakthroughs, consistently gaining recognition from both domestic and international customers, and have now achieved mass supply.

4. Competitive edge and weakness

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

5. Key performance drivers

(1) Global lithium-ion battery industry maintained rapid growth in 2024

According to data from EVTank, global shipments of lithium-ion batteries in 2024 reached 1,545.1 GWh, representing a year-on-year increase of 28.5%. Among these, global shipments of automotive power batteries amounted to 1,051.2 GWh, up 21.5% year-on-year; global shipments of energy storage batteries were 369.8 GWh, up 64.9% year-on-year; and global shipments of small-sized batteries totaled 124.1 GWh, up 9.6% year-on-year.

Driven by the continued increase in NEVs penetration and strong growth in energy storage demand, the demand for anode materials continued to grow significantly, and the supply-demand structure became more balanced. According to data from ICC, global production of anode materials in 2024 reached 2.1673 million tons, a year-on-year increase of 23%, with China's share rising to 98.5%.

(2) Continued consolidation of product technological advantages and deepening of customer relationships

The Company focuses on the clients' needs to provide first-rate cost-effective anode products for global clients. Backed up by the core edge established in raw material development, product technologies, process control and client cooperation, the Company is strengthening competitiveness. During the Reporting Period, the Company's fast charging anode products maintained a leading share in downstream applications with excellent performance. The Company's cooperation with global leading battery

companies has been further deepened, and sales to major customers have increased significantly year on year.






(3) Significant progress in cost reduction through technological advancement



The Company has consistently implemented cost-reduction initiatives, including reducing raw material costs, improving production processes to lower energy consumption, and enhancing intelligent manufacturing to boost production efficiency. The Company has continued to upgrade its crucible furnace process and innovated in the development of box furnace technology, resulting in further reductions in graphitization processing costs. These efforts have effectively driven improvements in production efficiency and reductions in overall costs.

(II) Polarizer Business

1. Business profile

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

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

Product	Purpose	End product	Image
		Commercial display	
		Automotive display	

2. Operating model

(1) Procurement

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

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

(2) Production

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

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

(3) Sales

The Company mainly adopts the direct sales model. Its clients include BOE, China Star Optoelectronics Technology Co., Ltd. (CSOT), LG Display, HKC, Sharp, Xianyang CaiHong Optoelectronics, TIANMA, Qunchuang and other mainstream panel manufacturers. Downstream major panel manufacturers have rigorous requirements for their suppliers, and will strictly review the suppliers'

strength and qualifications (such as quality, R&D, production, management, etc.) before cooperation. The companies that obtain their supplier certifications must first undergo repeated inspections, improvements and acceptances. The cooperative relationships established through such restrict process will not change easily. Therefore, the Company stably cooperates with clients.

The Company's back-end production lines include industry-leading RTS (coil-to-sheet) and RTP (coil-to-panel) production lines, and most of its factories are located near clients' factories, so that it can timely respond to clients and meet their needs such as quick pattern changes.

3. Market status of products

According to the data of CINNO Research, the Company's shipment area share of large-size LCD polarizers (including polarizers used in LCD TVs/monitors/notebooks) was approximately 33%, remaining the world's No. 1. In terms of the application fields, the market share of LCD TV polarizer business and LCD display polarizer business of the Company both ranked first in the world.

4. Competitive edge and weakness

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

5. Key performance drivers

(1) The Company continued to strengthen technological barriers for high-end products and steadily increased its market share in the high-end segment

Relying on over 20 years of technological R&D experience in the polarizer field, the Company leads the market through differentiated technologies of polarizers such as super-size, ultra-thin, high contrast and wide viewing angle. During the Reporting Period, the Company continued to consolidate its leading position in high-end LCD polarizer products and accelerated the industrialization of OLED polarizers. OLED TV polarizers achieved stable shipments during the Period, with a significant increase in market share. The Company has successfully completed the delivery of the SP business, which will significantly enhance its competitiveness in the high-end polarizer market and lay a solid foundation for long-term and steady development.

(2) The Company continued to promote product mix optimization and cost control, mitigating short-term profit pressure from product price declines

In 2024, driven by multiple factors such as international sports events, the domestic "trade-in" subsidy policy in the second half of the year, the demand for IT equipment upgrades, new demand from AI PCs, and the continued trend of larger TV panels, downstream panel demand showed signs of recovery, which in turn led to a year-on-year increase in demand for polarizers in the upstream market. However, as domestic manufacturers actively expand their market share, industry competition has intensified. As competition deepens, polarizer product prices are under further pressure, posing new challenges for the development of polarizer manufacturers. In response to the profit pressure caused by falling product prices,

the Company promoted cost reduction through product mix optimization, continuous process innovation, and upgrades in intelligent manufacturing, thereby effectively mitigating the short-term profit pressure resulting from the price decline.

IV. Analysis on Core Competitiveness During the Reporting Period

Applicable Not applicable

(I) Analysis of Core Competitiveness of Anode Materials

The Company has been industrializing anode materials since 1999, and has been a pioneer and technology leader in the lithium battery anode materials industry with more than 20 years of practice in R&D and industrialized production in this field. Ningbo Shanshan New Material Technology Co., Ltd., the Company's anode material subsidiary, was picked to the lists of the "National Enterprise Technology Center" and "National Manufacturing Single Champion". Shanghai Shanshan Technology Co., Ltd. was listed in the third batch of state-level specialized and innovative "small giant" enterprises.

The Company takes clients' demand as the core, leads the industry development through technological innovation, and has built long-term core competitiveness in product technology, capacity size, clients and presence of industrial chain.

1. Deep technology accumulation and cutting-edge R&D and innovation advantages

The Company is the first enterprise engaged in the research and development and production of artificial graphite anode materials for lithium-ion batteries in China, boasting independent core intellectual property rights such as material granulation, surface modification, spheroidization, and heat treatment technologies. Through years of high-quality R&D investment and the cultivation of independent R&D capabilities, the Company has established a comprehensive R&D and innovation system, including a robust mass production incubation technology team, complete pilot lines for anode materials, rapid scale-up technologies for new raw materials, innovative technologies for by-product development of raw materials, and advanced box furnace technology for graphitization. The Company is building a more complete system for R&D innovation and mass production incubation, positioning itself as a leading anode supplier, integrating upstream and downstream segments of the value chain, and establishing a more complete and collaborative development ecosystem.

The Company places great emphasis on independent R&D and technological innovation. At present, it has formed a high-level R&D team led by industry-leading technical experts. The Company's research institute comprises departments focused on artificial graphite, natural graphite, silicon-based new materials, soft and hard carbon, and fundamental mechanism research platforms. It also operates three postdoctoral research stations and actively promotes in-depth integration of industry, academia, and research. The performance of newly developed products has consistently remained at an internationally advanced level.

In the anode materials business, the Company has independently developed technologies and established patent portfolios in areas such as ultra-fast charging technology, in-house synthesis of silicon-carbon anode precursors, graphitization technology, and raw material development and performance evaluation. These technologies have been gradually put into mass production.

- High-capacity fast-charging anode materials

The Company has broken through the technical bottleneck of high energy density fast charging, achieving constant iteration and upgrading of fast-charging products. Its consumer fast-charging products have maintained a leading market share. Ultra-fast charging anode materials (6C+) for digital applications have been supplied to leading customers in the digital battery industry. In the power battery segment, high energy density 6C ultra-fast charging anode materials have been supplied to top domestic clients. In addition, silicon-composited graphite for 3C fast charging has also achieved mass production. The Company's technological leadership in fast-charging products has continued to expand, establishing generational leadership in its fast-charging product portfolio.

- Silicon-based anode materials

The Company maintains a leading position in the technology and industrialization of silicon-based anode products. Silicon oxide (SiOx) products have been supplied in bulk to leading overseas customers and successfully installed in vehicles. Moreover, the Company has successfully overcome the low-temperature cycling technology bottleneck of second-generation SiOx materials. Relevant technologies have been granted patents in the United States and Japan and have been supplied in bulk to top overseas power tool manufacturers. The Company's independently developed homogeneous deposition technology has significantly improved the cycling stability and rate performance of silicon-carbon materials. High-compaction, long-cycle-life silicon-carbon anode products have entered mass production. Part of the production capacity at the newly planned Ningbo silicon-based anode production base has already commenced trial production.

- Graphitization technology

In terms of graphitization technology, the Company commits to the improvement and innovation of graphitization process. It has continuously enhanced the crucible furnace process and independently developed a new box furnace process, which increases the effective loading capacity of anode materials in the furnace, thereby improving production efficiency and reducing costs. Furthermore, the Company is continuing its innovation in new graphitization technologies, with its continuous graphitization process currently in the stage of technical cooperation and validation.

- Raw material development and performance evaluation technology

In terms of raw material development, the Company's basic research team for anode raw materials is led by senior experts in the coal chemical industry, and a special raw material development team is jointly established with upstream suppliers to work together to develop functional raw materials, functional granulating agents and coating agents required for the performance of anode materials, and tailor-made raw materials for anode products with different characteristics. The Company's unique raw material

allocation technology ensures the stability and adaptability of raw materials from the source.

As of 31 December 2024, the Company had obtained 334 authorized patents for its anode materials, including 8 international patents, 225 domestic invention patents, and 101 utility model patents.

2. Superior client mix and continuous improvement in clients' recognition

Thanks to the long-term accumulation in lithium battery material field and the high-quality products and technical services, the Company has established long-term stable partnership with global mainstream lithium battery manufacturers, including CATL, Ultium cells, BYD, LGES, ATL, and etc. It continues to optimize its customer portfolio while deepening strategic collaborations with key industry players.

3. Integrating production capacity to enhance cost competitiveness

With over two decades of deep industry presence in anode materials, the Company has solidified its position as an industry leader, consistently maintaining a leading market share in artificial graphite products. At present, the Company has achieved a leading production capacity scale and enjoys a relatively well-developed capacity layout. The Company has completed the medium-term strategic deployment of graphite anode materials capacity, including three integrated bases in Inner Mongolia, Sichuan and Yunnan. Phase I of Inner Mongolia and Sichuan bases have been put into production, and phase I of Yunnan base is currently ramping up production capacity. In addition, to meet overseas market demand and enhance overseas market share, the Company plans to build an anode material production capacity of 100,000 tons in Finland. Going forward, it will promote capacity construction and release in alignment with market demand.

To better align with the ongoing upgrade trends in downstream customer demand and to seize the market opportunity arising from the rapid growth in demand for silicon-based anodes, the Company has proactively established a silicon-based anode production base in Ningbo. Part of phase I capacity has already commenced trial production.

4. Deepening the cooperation with upstream partners to build a resilient supply chain

As for the upstream industry chain, the Company established a special raw material development team with upstream suppliers to work together to develop functional raw materials, functional granulating agents and coating agents required for the performance of anode materials, and tailor-made raw materials for anode products with different characteristics. To further guarantee the quality and supply, the Company has established a strategic cooperative relationship with domestic leading raw material suppliers, such as Petrochina, Sinopec, CNOOC and local refineries, and the two sides have carried out all-round cooperation in the fields of needle coke, petroleum coke, and calcined coke to ensure the stability and safety of the Company's raw material supply. In addition, we have built a professional team to analyze the market situation, so as to ensure the supply while leveraging the price advantage of bulk purchasing. In order to meet the needs of overseas customers, we have extensively developed overseas raw materials, verified them in large quantities, and established resource pools to ensure the safety of overseas raw materials supply.

(II) Analysis of Core Competitiveness of Polarizer

1. Deep technology accumulation and cutting-edge R&D and innovation advantages

As a leading enterprise in the polarizer field, the Company has leading technology advantages. Relying on over 20 years of technological R&D in the polarizer field, the Company leads the market through differentiated technologies of polarizers such as super-size, ultra-thin, high contrast and wide viewing angle. The Company has mastered a number of key polarizer process technologies and is continuously expanding its innovative polarizer technologies for high-end display applications. The Company has passed the certification of national high-tech enterprises, and has won a number of honorary titles such as national green factory, national intelligent manufacturing excellent scene, provincial intelligent manufacturing demonstration factory, and Nanjing Top 100 Enterprises.

The Company has industry-leading manufacturing processes and continues to break through manufacturing capabilities in terms of product quality, safety and security, and production efficiency in order to improve production efficiency and product quality. The Company has customized polarizer production equipment that enables precise control of parameters in production through carefully modulated parameters to achieve higher first pass yield of product, as well as relatively comprehensive defect detection methods and automatic inspection technologies to ensure high product yield. The Company continues to improve key processes such as film lamination and film stretching to guarantee and improve product quality, while it has successfully applied UV curing technology to polarizer manufacturing, thus optimizing the production process.

In terms of new display technologies and applications, the Company's OLED TV polarizers have achieved stable mass shipments, with a significant increase in market share. Polarizers for OLED mobile phones and OLED monitors have entered mass production and shipment, and customer certification is being continuously advanced. The Company has successfully completed the delivery of the SP business, and polarizers for automotive displays are currently being shipped on a stable basis.

As of 31 December 2024, the Company has applied for more than 1,000 LCD polarizer related patents in South Korea, China, Japan, the United States and other countries around the world, among which 1,243 patents have been authorized (including 977 overseas patents), covering 1,152 invention patents, 87 utility model patents, and 4 appearance patents.

2. Leading capacity scale, advantages of ultra-width production lines and RTP production lines

The Company has a leading scale advantage in polarizer production capacity. By continuously strengthening its investment in production capacity in the field of LCD and OLED polarizers, the Company is able to further leverage its scale advantage to meet market and customer demand. At present, the Company has established ten world-class polarizer production lines in Nanjing, Guangzhou, and Zhangjiagang, with a globally leading production capacity scale. The Company offers a wide variety of polarizer products that cover multiple technologies, applications, and sizes for both LCD and OLED

displays, thereby enabling a broader range of display application scenarios and driving new upgrades and breakthroughs in the polarizer industry.

The Company leads the world in ultra-width production line capacity and was the first in the industry to adopt ultra-width production lines. It is currently the global market leader in the ultra-width segment, operating six ultra-width front-end production lines. Among them, the 2,600 mm ultra-width line is capable of producing polarizers for displays over 115 inches in size.

In addition, the Company has industry-leading RTP production lines in many cities across the country. The RTP production line is generally set in the customer's factory area, and it can achieve polarizer to coil integrated laser cutting, automatic inspection and polarizer and glass substrate attachment. With the advantages of close to customers and convenient supply, the RTP production line can reasonably control transportation and packaging costs, improve production efficiency and increase product yield while meeting the unique demands of customers' production lines.

3. Long-term and stable customer relationship

The Company's downstream customers generally have a more stringent supplier certification system, and will generally maintain a more long-term and stable relationship with companies that pass their supplier certification. The Company has established long-term good cooperative relationships and smooth communication with the world's leading panel manufacturers, namely BOE, China Star Optoelectronics Technology Co., Ltd. (CSOT), LG Display, Sharp, Xianyang CaiHong Optoelectronics, HKC, TIANMA, Qunchuang, etc., which allows us to respond to customer needs quickly and efficiently and cooperate with the development of new products. By virtue of leading technology and excellent product quality, the Company's products and services have been highly evaluated and recognized by customers, and the supply relationship between both parties is very stable.

4. Establishing deep and stable partnerships with upstream segments of the industry chain

In terms of the upstream supply chain, the Company maintains long-term and stable supply relationships with upstream raw material suppliers, with highly stable cooperation. At the same time, the Company will continue to promote and expand the diversification, localization, and domestic substitution of raw materials. On one hand, the Company will continue to strengthen its strategic cooperation with leading global raw material suppliers to ensure the stability and security of the supply chain; on the other hand, it will actively implement a localization strategy, accelerate the introduction and application of locally sourced materials, enhance the supply chain's autonomy and controllability, and ensure the security, stability, and cost competitiveness of upstream raw material supply.

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

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

(I) Analysis of Principal Businesses

1. Analysis on changes in income statement and cash flow statement

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period last year	Change ratio (%)
Operating revenue	18,679,729,021.40	19,070,225,164.95	-2.05
Operating costs	15,998,865,492.53	15,993,741,361.53	0.03
Selling expenses	244,079,808.05	228,007,876.70	7.05
Administrative expenses	663,823,128.02	667,987,389.88	-0.62
Research and development expenses	1,036,996,234.72	868,297,281.53	19.43
Financial expenses	520,804,553.77	466,934,452.30	11.54
Net cash flows from operating activities	1,860,217,174.57	-198,131,598.40	N/A
Net cash flows from investing activities	-1,864,735,121.07	-4,487,403,534.50	N/A
Net cash flow from financing activities	-2,174,015,031.83	4,801,858,298.19	-145.27
Effect of foreign exchange rate changes on cash and cash equivalents	-14,860,461.49	-2,959,448.78	N/A
Credit impairment loss	-74,376,805.92	-54,638,094.46	N/A
Investment income	-559,093,421.00	281,556,607.99	-298.57
Gain on disposal of assets	396,365,363.16	-29,243,200.41	N/A
Other income	276,941,688.38	502,191,965.25	-44.85
Income tax expenses	45,437,902.58	223,686,158.65	-79.69
Net profit attributable to owners of parent company	-367,136,028.73	765,337,842.07	-147.97
Profits and losses attributable to minority interests	47,410,936.79	-517,645.31	N/A
Other comprehensive income attributable to owners of the parent company, net of tax	270,000,641.32	52,446,804.40	414.81

Reasons for over 30% changes yoy:

Reasons for the change in net cash flows from operating activities: It was mainly due to enhanced supply chain management, stricter control over payment terms, and strengthened efforts in accounts receivable collection, which together led to improved operating cash flow.

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

Reasons for the change in net cash flow from financing activities: It was mainly due to the decrease in net bank loans obtained by the Company during the Reporting Period as compared to the previous year.

Reasons for the change in the effect of foreign exchange rate changes on cash and cash equivalents: It was mainly due to the change in foreign exchange rates.

Reasons for the change in credit impairment losses: It was mainly due to the Company recognizing bad debt losses on the remaining equity transfer payment from Quzhou Shanshan according to certain proportion during the Reporting Period.

Reasons for the change in investment income: It was mainly due to increased losses from long-term equity investments accounted for using the equity method during the Reporting Period. Additionally, in the same period last year, the Company recognized investment income from the disposal of equity interests in Quzhou Shanshan.

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

Reasons for the change in other income: It was mainly due to a year-on-year decrease in government subsidies received by the anode materials business during the Reporting Period.

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

Reasons for the change in net profit attributable to owners of parent company: It was mainly due to steady sales growth in both the anode materials and polarizer businesses of the Company during the Reporting Period. Net profit attributable to shareholders of the listed company from the anode business increased year-on-year, while that from the polarizer business declined due to intensified market competition and changes in the industry environment. During the Reporting Period, based on the principle of prudence, the Company recognized risk provisions for its long-term equity investment in BASF Shanshan, goodwill generated from the acquisition of the polarizer business, and other receivables arising from the disposal of the electrolyte business. Furthermore, equity-method investees like BASF Shanshan and Suining Holdings, in which the Company holds long-term equity investments, incurred substantial losses during the Reporting Period, collectively leading to a year-on-year decrease in net profit attributable to shareholders of the listed company.

Reasons for the change in profits and losses attributable to minority interests: It was mainly due to improved performance in the anode materials business, resulting in increased net profit attributable to minority interests in that segment.

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

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

Applicable Not applicable

2. Income and cost analysis

Applicable Not applicable

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

Unit: Yuan Currency: RMB

Principal business by industry						
Industry	Operating revenue	Operating costs	Gross margin (%)	Increase/Decrease in operating revenue as compared with last year (%)	Increase/Decrease in operating cost as compared with last year (%)	Increase/Decrease in gross margin as compared with last year (%)
Anode materials	8,196,452,342.46	6,684,614,976.28	18.45	12.80	4.27	Increase by 6.68 percentage points
Polarizer	10,322,147,988.67	9,284,153,887.13	10.06	0.25	11.82	Decrease by 9.30 percentage points
Principal business by product						
Product	Operating revenue	Operating costs	Gross margin (%)	Increase/Decrease in operating revenue as compared with last year (%)	Increase/Decrease in operating cost as compared with last year (%)	Increase/Decrease in gross margin as compared with last year (%)
Anode materials	8,196,452,342.46	6,684,614,976.28	18.45	12.80	4.27	Increase by 6.68

ls						percentage points
Polarizer	10,322,147,988.67	9,284,153,887.13	10.06	0.25	11.82	Decrease by 9.30 percentage points
Principal business by region						
Region	Operating revenue	Operating costs	Gross margin (%)	Increase/Decrease in operating revenue as compared with last year (%)	Increase/Decrease in operating cost as compared with last year (%)	Increase/Decrease in gross margin as compared with last year (%)
Mainland China	16,815,061,367.61	14,454,471,381.01	14.04	4.66	7.45	Decrease by 2.23 percentage points
Taiwan	132,162,499.01	118,270,388.89	10.51	72.57	74.31	Decrease by 0.90 percentage points
Overseas	1,571,376,464.51	1,396,027,093.51	11.16	10.57	16.89	Decrease by 4.80 percentage point
Profile of principal businesses by sales model						
Sales model	Operating revenue	Operating costs	Gross margin (%)	Increase/Decrease in operating revenue as compared with last year (%)	Increase/Decrease in operating cost as compared with last year (%)	Increase/Decrease in gross margin as compared with last year (%)
Direct sales	18,518,600,331.13	15,968,768,863.41	13.77	5.44	8.53	Decrease by 2.45 percentage points

(2). Analysis of production and sales volume

√Applicable □Not applicable

Major products	Unit	Output	Sales	Inventories	Increase/decrease in production over the previous year (%)	Increase/decrease in sales volume over the previous year (%)	Increase/decrease in inventory over the previous year (%)
Anode material	Tons	354,605.01	339,536.09	50,041.03	27.09	28.44	43.09
Polarizer	0,000	15,139.69	15,043.21	1,146.24	7.52	7.63	9.19

	squares						
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Description of production and sales volume

The reasons for the increase in anode material inventory are as follows: expansion of production and sales scale, leading to increased stockpiling.

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

Applicable Not applicable

(4). Cost analysis

Unit: RMB0'000

By industry							
Industry	Cost item	Amount incurred in the current period	Percentage of total cost for the current period (%)	Amount in the same period last year	Percentage of total cost for the same period last year (%)	Percentage change in the amount for the current period as compared to the same period last year (%)	Description
Anode material	Raw material cost	285,821.65	42.76	297,335.08	46.38	-3.87	
	Labor cost	57,759.34	8.64	53,510.58	8.35	7.94	
	Manufacturing cost	324,880.51	48.60	290,270.63	45.28	11.92	
Polarizer	Raw material cost	716,080.78	77.13	639,198.97	76.98	12.03	
	Labor cost	26,681.05	2.87	26,376.09	3.18	1.16	
	Manufacturing cost	185,653.55	20.00	164,722.48	19.84	12.71	
By product							
Product	Cost item	Amount incurred in the current period	Percentage of total cost for the current period (%)	Amount in the same period last year	Percentage of total cost for the same period last year (%)	Percentage change in the amount for the current period as compared to the same period last year (%)	Description
Anode material	Raw material cost	285,821.65	42.76	297,335.08	46.38	-3.87	
	Labor cost	57,759.34	8.64	53,510.58	8.35	7.94	
	Manufacturing cost	324,880.51	48.60	290,270.63	45.28	11.92	

Polarizer	Raw material cost	716,080.78	77.13	639,198.97	76.98	12.03	
	Labor cost	26,681.05	2.87	26,376.09	3.18	1.16	
	Manufacturing cost	185,653.55	20.00	164,722.48	19.84	12.71	

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

Applicable Not applicable

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

Applicable Not applicable

(7). Major customers and major suppliers

A. Major customers

Applicable Not applicable

The sales to the top five customers reached RMB11,942.2353 million, accounting for 63.93% of the annual operating revenue, among which, the sales to the related parties was RMB0, accounting for 0% of the total sales for the year.

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

Applicable Not applicable

B. Major suppliers

Applicable Not applicable

Procurement from the top five suppliers amounted to RMB4,428.738 million, accounting for 25.99% of the total procurement for the year; among which, procurement from related parties was RMB0, accounting for 0% of the total procurement for the year.

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

Applicable Not applicable

3. Expenses

Applicable Not applicable

Unit: Yuan Currency: RMB

Expense items	2024	2023	Change (%)	Reasons for significant year-on-year changes
Selling expenses	244,079,808.05	228,007,876.70	7.05	
Administrative expenses	663,823,128.02	667,987,389.88	-0.62	
Financial expenses	520,804,553.77	466,934,452.30	11.54	
Research and development expenses	1,036,996,234.72	868,297,281.53	19.43	

Income tax expenses	45,437,902.58	223,686,158.65	-79.69	Mainly due to the decline in the Company's total profit during the Reporting Period, resulting in a decrease in income tax expenses.
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4. Research and development investment

(1). Research and development investment statement

Applicable Not applicable

Unit: Yuan

Expensed research and development investment for the current period	1,036,996,234.72
Capitalized research and development investment for the current period	
Total research and development investment	1,036,996,234.72
Percentage of total research and development investment over operating revenue (%)	5.55
Ratio of capitalized research and development investment (%)	

(2). R&D team member profile

Applicable Not applicable

Number of R&D team members in the Company	428
Percentage of the number of R&D team members over the total number of employees of the Company (%)	5.96
Educational background structure of R&D team members	
Type of educational level	Number of members in each educational level
Doctor	11
Master	105
Bachelor	174
College	104
High school and below	34
Age structure of R&D team members	
Type of age group	Number of members in each age group
Below 30 (excluding 30)	181
30-40 (including 30, excluding 40)	188
40-50 (including 40, excluding 50)	53
50-60 (including 50, excluding 60)	6
60 and above	0

(3). Explanation

Applicable Not applicable

Anode material

No.	Name of item	R&D purpose and progress
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1	3C silicon-compatible graphite	Development of a dedicated graphite for second-generation silicon-doped systems used in digital products; trial production completed and mass production initiated.
2	High energy density and fast-charging graphite for power batteries (model 356)	High-performance graphite featuring both high energy density and fast-charging capability for high-end power battery projects; transitioned to mass production.
3	6C ultra-fast charging graphite for power batteries	Artificial graphite with 6C ultra-fast charging performance for high-end power battery projects; trial production completed and mass production initiated.
4	Second-generation long-life graphite	Second-generation long-life artificial graphite for high-end power battery projects; trial production completed and mass production initiated.
5	Low-impedance, high-rate natural graphite for power batteries	Performance upgrade for high-power applications using traditional small-particle natural graphite, targeting improved rate capability and cycle life; process finalized and currently under customer testing.
6	High-density new silicon-carbon anode for consumer electronics	High-density, long-cycle silicon-carbon anode; transitioning to mass production.
7	Ultra-high-density long-cycle silicon-carbon anode for consumer electronics	Ultra-high-density silicon-carbon with enhanced safety; under research and development.
8	High-rate silicon-carbon material for power batteries	High-rate, fast-charging type silicon-carbon; under research and development.
9	High-capacity, high-density, high initial coulombic efficiency hard carbon for lithium batteries	Applicable to consumer electronics, power batteries, and solid-state batteries; under customer trial production.
10	High-Rate, high-density, long-cycle hard carbon for sodium-ion batteries	Applicable to energy storage and small-power systems; under customer trial production.
11	High-rate, long-cycle hard carbon for supercapacitors	High safety and long cycle life; applicable to energy storage scenarios; under customer trial production.

Polarizer Business

No.	Name of item	R&D purpose and progress
1	Development of ultra-high transmittance polarizer for LCD TV	Enhance the transmittance of polarizer material to improve picture contrast and reduce power consumption of displays; currently in mass production.
2	High-transmittance polarizers for LCD tablets	Enhance the transmittance of polarizer material to improve picture contrast and reduce power consumption of displays; currently in mass production.
3	Development of high-reliability polarizers for outdoor use	Primarily for outdoor application scenarios; currently in mass production.
4	Development of polarizer for VR with compensation film	Primarily for VR application scenarios; currently in the customer certification stage.
5	Development of polarizer with wide viewing angle for laptop	Expand viewing angles of laptop panels and enhance visual experience; currently in mass production.
6	Development of next-generation anti-reflective, high-transmittance polarizer for OLED TV	For television applications; currently in mass production.
7	Development of polarizers for OLED IT devices	For displays, laptops, and tablets; polarizers for displays are in mass production, while those for laptops and tablets are in the customer certification stage.
8	Development of polarizers for OLED mobile phones	For mobile phone applications; currently in mass production.
9	Development of ultra-thin OLED polarizers	Primarily for mobile phones and smart wearables; currently in the customer certification stage.
10	Development of polarizers for LCD automotive displays	Primarily for in-vehicle display applications; currently in mass production.
11	Development of polarizers for OLED automotive displays	Primarily for in-vehicle display applications; currently in the material verification stage.

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

Applicable Not applicable

5. Cash flow

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	2024	2023	Change (%)	Reasons for significant year-on-year changes
Net cash flows from operating activities	1,860,217,174.57	-198,131,598.40	N/A	It was mainly due to enhanced supply chain management, stricter control over payment terms, and strengthened efforts in accounts receivable collection, which together led to improved operating cash flow.
Net cash flows from investing activities	-1,864,735,121.07	-4,487,403,534.50	N/A	Mainly due to a decrease in cash payments for the acquisition and construction of fixed assets, and construction in progress for the anode materials and polarizer businesses during the Reporting Period as compared to the previous year.
Net cash flow from financing activities	-2,174,015,031.83	4,801,858,298.19	-145.27	Mainly due to the decrease in net bank loans obtained by the Company during the Reporting Period as compared to the previous year.

(II) Description on Significant Change of Profit Caused by Non-Principal Businesses

Applicable Not applicable

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

(III) Analysis on Assets and Liabilities

Applicable Not applicable

1. Assets and liabilities

Unit: Yuan

Item	Amount at the end of the Period	Proportion of the amount at the end of the Period in	Amount at the end of the previous period	Proportion of the amount at the end of the previous	Change ratio of amount at the end of the current	Explanation
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		total assets (%)		period in the total assets (%)	period VS amount at the end of the previous period (%)	
Cash at bank and on hand	2,770,648, 155.32	6.00	4,855,725,4 62.72	10.02	-42.94	Mainly due to payments made by the polarizer business during the Reporting Period for the acquisition of the SP business and related assets.
Notes receivable			585,465,24 3.69	1.21	-100.00	Mainly due to full discounting and endorse- ment of non- recourse commercial drafts in the anode materials business during the Reporting Period.
Receivable financing	42,218,96 1.77	0.09	819,020,20 4.62	1.69	-94.85	Mainly due to the discounting of bank acceptance s in the anode materials business during the Reporting Period.

Advances to suppliers	1,285,909,859.83	2.78	426,530,946.40	0.88	201.48	Mainly due to prepayments made by the polarizer business during the Reporting Period for the acquisition of the SP business and related assets.
Other receivables	1,097,253,963.21	2.37	644,244,237.97	1.33	70.32	Mainly due to an increase in margin payments made by the polarizer business during the Reporting Period for the acquisition of the SP business and related assets.
Assets held for sale			504,815,183.07	1.04	-100.00	Mainly due to the deconsolidation of Ulica and its subsidiary Ulica Solar GmbH during the Reporting Period.

Non-current assets due within one year			43,356,102.91	0.09	-100.00	Mainly due to the deconsolidation of Inner Mongolia Qingshan, a subsidiary, during the Reporting Period.
Investments in other equity instruments	126,486,318.53	0.27	842,256,655.01	1.74	-84.98	Mainly due to disposal of shares in Luoyang Molybdenum and fluctuations in the prices of Luoyang Molybdenum and other shares during the Reporting Period.
Fixed assets	14,256,097,096.93	30.85	10,917,093,804.09	22.52	30.59	Mainly due to the increase in the transfer of construction in progress to fixed assets in the anode materials business during the Reporting Period.
Construction in progress	3,789,117,779.51	8.20	5,580,742,755.55	11.51	-32.10	Mainly due to the transfer of construction in progress to fixed assets in the anode business during the Reporting Period.

Deferred income tax assets	278,647,868.69	0.60	199,332,670.75	0.41	39.79	Mainly due to an increase in deductible temporary differences arising from inventory write-downs, unrealized profit, and lease-related items during the Reporting Period.
Other non-current assets	15,196,329.49	0.03	136,235,292.10	0.28	-88.85	Mainly due to the recovery of earnest money for property purchase from the prior year and a decrease in advance payments for equipment procurement during the Reporting Period.
Notes payable	190,995,331.81	0.41	824,517,193.64	1.70	-76.84	Mainly due to maturity and settlement of notes in the anode materials business during the Reporting Period.

Contract liabilities	32,640,936.49	0.07	12,376,375.15	0.03	163.74	Mainly due to an increase in customer prepayments in the anode materials business for securing supply volume in advance during the Reporting Period.
Accounts payable	4,524,023,879.56	9.79	2,812,406,457.12	5.80	60.86	Mainly due to improved supply chain management and optimization of payment terms during the Reporting Period.
Advances from customers	1,827,784.11	0.00	20,835,376.00	0.04	-91.23	Mainly due to the deconsolidation of Ulica, and reclassification of the previously received earnest payment for Ulica's equity into equity consideration during the Reporting Period.

Taxes payable	240,634,882.88	0.52	79,179,764.82	0.16	203.91	Mainly due to increased land use tax, VAT, and other taxes payable from the disposal of real estate and related facilities in the Wangchun Garden during the Reporting Period.
Liabilities held for sale			427,188,378.77	0.88	-100.00	Mainly due to the deconsolidation of Ulica and its subsidiary Ulica Solar GmbH during the Reporting Period.
Other current liabilities	3,391,582.34	0.01	1,498,699.04	0.00	126.30	Primarily due to an increase in output VAT to be transferred during the Reporting Period.
Long-term payables	235,291,929.72	0.51	497,131,448.00	1.03	-52.67	Mainly due to repayments of finance lease obligations in the anode materials business during the Reporting Period.

Estimated liabilities	36,047,544.20	0.08	75,868,748.26	0.16	-52.49	Mainly due to the Company offsetting some product quality guarantee deposits during the Reporting Period.
Treasury shares	1,469,285,164.43	3.18	981,321,182.46	2.02	49.73	Mainly due to share repurchases by the Company during the Reporting Period.
Other comprehensive income	-233,336,549.38	-0.50	-77,894,085.74	-0.16	N/A	Mainly due to the disposal of part of the Luoyang Molybdenum shares and fair value changes in remaining financial assets during the Reporting Period.
Specific reserves	10,880.60	0.00	1,724,238.27	0.00	-99.37	Mainly due to the deconsolidation of Inner Mongolia Qingshan, a subsidiary, during the Reporting Period.

2. Overseas assets

Applicable Not applicable

(1) Asset size

Among which, overseas assets were 1,243,623,330.95 (Unit: Yuan Currency: RMB), accounting for 2.69% of the total assets.

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

Applicable Not applicable

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

Applicable Not applicable

As of the end of the Reporting Period, the assets whose ownership or right of use is restricted are referred to Note “V. (I) 22. Assets with restricted ownership or right of use” to the financial statements.

(IV) Industry Analysis

Applicable Not applicable

1. Analysis of operational information of anode material industry

According to statistics from ICC, global production of anode materials in 2024 reached 2.1673 million tons, a year-on-year increase of 23%. Among this, China’s share of anode material production further increased to 98.5%. In 2024, the global penetration rate of artificial graphite anode materials was approximately 89%. Owing to the high cost-performance ratio of artificial graphite, its market share continued to rise. Driven by multiple factors - including sustained strong growth momentum in downstream demand, enhanced product differentiation of anode materials, and cost reduction and efficiency improvement achieved through integrated projects - the price of anode materials stabilized after a period of decline. The industry’s supply-demand dynamics showed signs of marginal improvement.

2. Analysis of operational information of polarizer industry

In 2024, the polarizer market experienced steady growth in demand. According to a survey by Yano Research Institute, the global polarizer market, measured by manufacturer production volume, is projected to reach 594.3 million square meters in 2024, representing a year-on-year growth of approximately 5.3%. Meanwhile, the competitive landscape of the polarizer industry has shifted, with Japanese and Korean manufacturers gradually reducing production capacity or exiting the market, while Chinese manufacturers have actively captured market share through mergers and acquisitions as well as capacity expansion. In this process, industry concentration has further increased, and competition in the domestic market has intensified. As competition continues to deepen, polarizer product prices have come under further pressure, posing new challenges for the development of polarizer manufacturers.

(V) Analysis of Investment

Overall analysis of external equity investments

Applicable Not applicable

During the Reporting Period, the Company's outbound investment was RMB2,256.2687 million, a decrease RMB2462.7478 million or 52.19% compared to the same period of last year. Important investment projects are as follows:

Invested company name	Invested amount during the Reporting Period (RMB0'000)	Main business	Equity ratio (%)	Remarks
Ningbo Shanshan New Material Technology Co., Ltd.	50,000.00	Anode	87.5137	Capital increase
Ningbo Shanshan Silicon-based Materials Co., Ltd.	13,380.00	Anode	87.5137	Capital in place
Sichuan Shanshan New Energy Co., Ltd.	1,000.00	Anode	87.5137	New subsidiary
Sichuan Shanshan New Material Co., Ltd.	75,000.00	Anode	87.5137	Capital increase
Korea Sanjin Optoelectronics Co., Ltd. (韩国杉金光电株式会社)	81,322.80	Polarizer	100.00	New subsidiary
Sanjin Optoelectronics (Vietnam) Co., Ltd. (杉金光电越南有限公司)	3,924.07	Polarizer	100.00	New subsidiary

1. Significant equity investments

Applicable Not applicable

2. Major non-equity investment

Applicable Not applicable

Project name	Project amount (RMB0'000)	Investment in the year (RMB0'000)	Total investments (RMB0'000)	Source of funds	Progress of project
The lithium ion battery anode material integration base project with the annual output of 200,000 tons in Meishan, Sichuan	800,000.00	16,220.72	406,268.76	Self-owned fund + financing	Phase I has been commissioned; construction of Phase II living quarters is completed and currently under interior decoration.
The lithium ion battery anode material integration base project with the annual output of 300,000 tons in Anning, Yunnan	970,000.00	150,884.29	388,713.29	Self-owned fund + financing	Phase I capacity has been commissioned and is ramping up.
The lithium ion battery silicon-based anode material integration base	375,000.00	35,242.11	76,107.28	Self-owned fund + financing	Phase I civil construction completed;

project of Shanshan with the annual output of 40,000 tons					part of the capacity has entered trial production.
The LCD polarizer production line project with an annual output of 40 million square meters in Zhangjiagang	218,700.00	13,958.11	184,220.38	Self-owned fund + financing	Commissioned and undergoing capacity ramp-up.
The polarizer production line project with an annual output of 50 million square meters in Mianyang	350,000.00	21,076.86	49,041.59	Self-owned fund + financing	Under construction.
The high-end display polarizer production line project with an annual output of 40 million square meters in Yangzhou	450,000.00	7,706.13	7,706.13	Self-owned fund + financing	In the early planning stage

3. Financial assets measured by fair value

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Type of assets	Amount as at the beginning of the period	Gains (losses) from changes in fair value for the current period	Cumulative fair value changes included in equity	Impairment accrued in the current period	Purchase amount in the current period	Sale/redemption amount in the current period	Other changes	Closing amount
Investments in other equity instruments	842,256,655.01	427,077,648.70	410,870,828.22			532,918,462.82	-609,929,522.36	126,486,318.53
Other non-current financial assets	202,225,284.01	-7,980,334.68	-10,576,334.68		43,970,023.85		-1,177,665.32	237,037,307.86
Receivable financing	819,020,204.62						-776,801,242.85	42,218,961.77
Total	1,863,502,143.64	419,097,314.02	400,294,493.54		43,970,023.85	532,918,462.82	-	405,742,588.16

Securities investment

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Varieties	Stock code	Securities abbreviation	Initial investment	Source of funds	Opening carrying amount	Gains (losses) from changes in fair value for the current period	Cumulative fair value changes included in equity	The amount of retained earnings transferred in the current period	Purchase amount in the current period	Sale amount in the current period	Profit/loss on investments in the current period	Carrying amount at the end of the period	Accounting item
Stock	TSX:RM	DEFI TECHNOLOGIES INC	9,155,041.01		896,919.53	4,056,329.15	-4,201,792.33					4,953,248.68	Investments in other

													equity instruments
Stock	ASX:ARL	ARDEA RESOURCES LTD			2,769,752.73	-966,436.92	-1,501,071.98					1,803,315.81	Investments in other equity instruments
Stock	ASX:GRL	GODOLPHIN RESOURCES LTD(GRL AT)			58,161.29	-38,198.68	19,962.61					19,962.61	Investments in other equity instruments
Stock	ASX:KAL	KALGOORLIE GOLD MINING LTD ORDINARY SHARES(KAL AU)			39,922.06	-15,352.25	24,569.81					24,569.81	Investments in other equity instruments
Stock	ASX:1MC	Morella Corporation Limited	225,883,583.93		10,941,899.40	-8,582,128.63	-223,523,813.16					2,359,770.77	Investments in other equity instruments
Stock	SH:603993	Luoyang Molybdenum	40,081,537.18		780,000,000.00	432,623,436.03	639,623,436.03	609,929,522.36		532,918,462.82		69,775,450.85	Investments in other equity instruments
Total	/	/	275,120,162.12	/	794,706,655.01	427,077,648.70	410,441,290.98	609,929,522.36		532,918,462.82		78,936,318.53	/

Securities investments

Applicable Not applicable

Private fund investment

Applicable Not applicable

Investment in derivatives
Applicable Not applicable

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

Applicable Not applicable

(VI) Disposal of Major Assets and Equity Interest

Applicable Not applicable

1. Disposal of assets

On 9 December 2024 and 25 December 2024, the Company convened the 14th meeting of the 11th Board of Directors and the First Extraordinary General Meeting for 2024, respectively, at which the *Proposal on Asset Disposal* was considered and approved. The meetings resolved to approve the Company entering into an agreement with Ningbo Haishu Chancheng Ecological Construction Co., Ltd. (hereinafter referred to as “Haishu Chancheng Ecological Construction Co., Ltd.”) regarding the disposal of certain assets, namely the state-owned land use rights for construction purposes covering an area of 208,467.82 square meters located at No. 238 Yunlin Middle Road, No. 80 Shanghai Road, and No. 218 Yunlin Middle Road, Gulin Town, Haishu District, Ningbo City, along with all buildings thereon (including interior decoration and finishes), equipment, and other ancillary facilities (collectively, the “Subject Assets”). The parties reached consensus and executed the corresponding agreement. As of 31 December 2024, the Company had completed the relevant procedures for the transfer of the Subject Assets. The transaction counterparty, Haishu Chancheng Ecological Construction Co., Ltd., had paid 80% of the total transaction consideration to the Company, amounting to RMB700.448 million. As of the date of this Report, the Company has received the full remaining balance of the consideration.

2. Sale of part of the equity interests of Quzhou Shanshan

The Company completed the delivery of the transfer of the equity interest in Quzhou Shanshan, a subsidiary of electrolyte business, on 17 February 2023. As the counterparties Xinya Process and Xinya Zhongning failed to pay the remaining equity transfer payment of RMB344.862 million by 30 June 2023 as agreed, after several rounds of negotiation, the parties involved in the transaction reached an agreement and entered into the Settlement Agreement, which specified the payment arrangement for the remaining equity transfer payment and capital occupancy fee. For details, please refer to the relevant announcements of the Company released on the designated information disclosure media and the website of the SSE on 30 December 2023.

On 28 June 2024, Xinya Process and Xinya Zhongning initiated legal proceedings against Yongquan Investment, Shanshan New Energy, and the Company, citing discrepancies between certain production line capacities and the actual circumstances. On 12 July 2024, Yongquan Investment filed a lawsuit against Xinya Zhongning for its failure to pay the equity transfer consideration in accordance with the *Settlement Agreement*. Evidence in connection with the above cases was exchanged on 21 April 2025.

3. Sale of part of the equity of Shanshan brand

In 2020, the Company sold a portion of its equity interest in its apparel business subsidiary, Shanshan Brand, which was no longer included in the Company's consolidated statements from July 2020. As of the date of this Report, the Company has received a total of RMB132.1133 million of the equity transfer payment, and will continue to follow up and urge the counterparty to pay the balance.

(VII) Analysis of Major Companies in Which the Company Has Invested

√Applicable □Not applicable

Unit: 0'000 Currency: RMB

Holding subsidiary	Main operations	Registered capital	Equity ratio (%)	Total ending assets	Ending net assets	Operating revenue during the Reporting Period	Profit during the Reporting Period
Shanjin Optoelectronics (Suzhou) Co., Ltd.	Production, processing and R&D of polarizers	710,522.56	100.00	934,570.83	924,850.83	46,589.82	1,107.66
Shanjin Optoelectronics (Guangzhou) Co., Ltd.		170,000.00	100.00	557,956.43	316,037.35	501,354.74	21,946.66
Shanjin Optoelectronics (Nanjing) Co., Ltd.		380,000.00	100.00	606,579.29	470,303.34	698,955.82	12,961.88
Shanjin Optoelectronics Technology (Zhangjiagang) Co., Ltd.		90,000.00	100.00	232,440.96	78,752.85	136,788.69	-8,256.20
Shanghai Shanshan Lithium Battery Material Technology Co., Ltd.	R&D, production and sale of li-ion anode materials and carbon materials	118,200.00	87.5137	869,660.86	586,900.89	-	-1.23
Ningbo Shanshan New Material Technology Co., Ltd.		280,000.00	87.5137	480,946.43	332,693.92	286,596.27	17,082.54
Shanghai Shanshan Technology Co., Ltd.		30,000.00	87.5137	103,753.00	67,696.16	91,700.35	6,789.65
Fujian Shanshan Technology Co., Ltd.		20,000.00	87.5137	146,895.64	59,282.30	224,827.05	15,183.04
Shanghai Shanshan New Material Co., Ltd.		100,000.00	87.5137	637,077.30	134,840.23	779,920.80	2,511.14
Inner Mongolia Shanshan Technology Co., Ltd.		130,000.00	87.5137	293,051.24	164,040.44	277,375.03	1,405.75
Sichuan Shanshan New Material Co., Ltd.		250,000.00	87.5137	618,431.22	240,570.53	409,336.76	25,284.63
Yunnan Shanshan New Material Co., Ltd.		205,000.00	87.5137	649,018.59	219,166.24	203,752.43	-7,490.15
Ningbo Shanshan Venture Capital Investment Co., Ltd.		Venture capital, industrial investment	100,000.00	100.00	146,212.90	145,157.78	-

Shareholding subsidiary	Main operations	Registered capital	Equity ratio (%)	Total assets	Assets (net)	Operating revenue	Net profit
BASF Shanshan Battery Material Co., Ltd.	R&D, production and sale of lithium-ion battery cathode materials	57,884.55	49.00	648,868.03	488,740.89	405,593.13	-36,705.77
Zhejiang Chouzhou Commercial Bank Co., Ltd.	Raise public deposits, issue loans and handle domestic settlement, etc.	460,000.00	6.45	37,515,057.39	2,827,106.95	1,108,897.46	156,473.20

Note: The registered capital of Zhejiang Chouzhou Commercial Bank Co., Ltd. was officially changed on 28 March 2025, from RMB4.2 billion to RMB4.6 billion upon completion of the relevant industrial and commercial registration procedures. As a result, the Company's shareholding decreased from 7.06% to 6.45%.

(VIII) Structured Entities under the Control of the Company

Applicable Not applicable

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

(I) Pattern and Trend of the Industry

Applicable Not applicable

1. Anode material business

According to the *White Paper on the Development of China's Lithium-ion Battery Industry (2025)* by EVTank, global lithium-ion battery shipments are projected to reach 1,899.3 GWh in 2025 and 5,127.3 GWh in 2030, which will continuously drive the expansion of the global anode materials market. The industry is expected to continue undergoing profound structural adjustments characterized by "order concentration among leading players and elimination of low-end production capacity". Technological barriers and customer stickiness have become the core factors of competitiveness, accelerating the increase in market concentration. Leveraging its leading advantages in technologies such as fast-charging and silicon-based anode materials, as well as its deep collaborations with leading global battery manufacturers, the Company will enhance cost-efficiency and increase market share through process innovation and the advancement of integrated capacity ramp-up.

Terminal vehicle manufacturers are actively deploying high-voltage fast-charging models, driving rapid iteration of anode products with high rate performance and high capacity, thereby triggering a surge in demand for fast-charging anode materials. The Company will continue to solidify its technological leadership in fast-charging products, intensify R&D efforts to overcome technical bottlenecks, and steadily advance the R&D and industrialization of next-generation high-performance fast-charging anode materials.

Silicon-based anode materials have benefited from the accelerated industrialization of large cylindrical batteries and semi-solid-state batteries, enabling scaled-up deployment. According to projections by GGII, the shipment volume of silicon-based composite materials is expected to exceed 300,000 tons by 2030, with a compound annual growth rate (CAGR) of over 50% from 2023 to 2030. The Company's silicon-based anode products have maintained a leading position in both technology and industrialization progress, with continuous technological breakthroughs, and the related products have already achieved mass application. Meanwhile, phase I of the Company's silicon-based anode material integration base in Ningbo has partially commenced pilot production and trial operation, and is supplying in bulk to leading domestic and international customers. The Company will seize the development opportunities brought by the industrialization of silicon-based anode materials, and leverage its technological expertise and production capacity to further strengthen its industry-leading position in the silicon-based anode sector.

2. Polarizer business

As polarizer business has high technical, capital, certification and other industry barriers, and high market concentration, the global polarizer capacity is mainly concentrated in the main polarizer manufacturers, such as Shanjin Optoelectronics, Sumitomo Chemical, Nitto Denko, etc. According to CINNO Research data, the production capacity of the top five global manufacturers accounted for 81% in 2024. Amid fierce market competition, Japanese and Korean manufacturers are gradually scaling back or exiting the polarizer market, while Chinese manufacturers are further expanding their market share through mergers and acquisitions and other means. According to data from Sigmaintell, by 2027, China (including Taiwan) is expected to account for approximately 90% of the world's total polarizer production capacity by area.

Benefiting from multiple factors such as the trend toward larger display sizes, replacement demand in the consumer electronics sector, the development of 5G/8K and AI technologies, and the stimulus of China's "trade-in" subsidy policy, market demand for display products is expected to continue growing, thereby driving a corresponding increase in polarizer demand area, particularly in segments such as OLED, automotive displays, and ultra-large-size displays. According to Omdia's forecast, shipments of OLED panels above 9 inches are expected to grow by 32.7% year-on-year in 2025, while shipments of LCD and OLED TVs and public displays of 85 inches and above are projected to grow by 34% year-on-year in 2025.

The Company will continue to strengthen its global leadership in the large-size display segment and accelerate the R&D and shipment expansion of OLED, small- and medium-sized, and automotive polarizer products, with the aim of continuously enhancing its medium- to long-term profitability.

(II) Our Development Strategies

Applicable Not applicable

The Company remains firmly committed to implementing the national strategy for scientific and technological innovation, focusing on its dual core businesses of lithium-ion battery anode materials and

polarizer products, and continuously empowering the development of strategic emerging industries such as new energy and new-type displays. Adhering to a customer-centric approach, the Company deepens its dual-engine strategy driven by technological innovation and cost leadership. By strengthening R&D investment, enhancing intelligent manufacturing capabilities, and optimizing operational efficiency, the Company seeks to consolidate its global industry leadership and continuously improve its medium- to long-term profitability.

1. Anode material business strategy

In terms of anode material business, based on the value orientation of "deeply empowering customers' needs", the Company is committed to becoming an outstanding global leader in the field of anode materials by promoting the cost leadership strategy and realizing high-quality development on the basis of consolidating the leading technology of its products.

2. Polarizer business strategy

The Company's polarizer business upholds the development philosophy of "quality-oriented and innovation-driven." Through sustained and intensive R&D investment, the Company drives product technology iteration and high-end upgrades, while strategic acquisitions accelerate the expansion of its high-end product portfolio, comprehensively enhancing industrial competitiveness. Leveraging industry-leading capabilities in technological innovation, capacity deployment, and cost control, the Company continuously consolidates its global leading position.

(III) Business Plan

Applicable Not applicable

1. Anode material business

1) R&D and product plan

(1) Comprehensively promote cost reduction and efficiency enhancement in artificial graphite production: All production sites are actively advancing cost reduction initiatives for artificial graphite products. The R&D institute, sales, PMC, and supply chain departments have established a cross-functional collaboration mechanism to systematically implement key initiatives such as process route upgrades, supply chain cost reduction synergy, and production efficiency improvement, thereby enhancing the market competitiveness of the products and achieving dual optimization of cost and carbon emissions.

(2) Increase R&D investment to drive technological innovation: The Company continues to strengthen investment in the R&D of new technologies and new equipment to support the development of high-performance products and enhance the competitiveness of artificial graphite, natural graphite, soft and hard carbon, and silicon-carbon products. Meanwhile, it is accelerating the development of natural graphite products and increasing their share in overseas markets.

(3) Accelerate the industrialization of new anode products: The Company is expediting the application and promotion of new materials such as soft and hard carbon and silicon-carbon, aiming to establish a comprehensive ecosystem that supports full-scenario applications across lithium-ion batteries, sodium-ion batteries, and solid-state batteries.

(4) Deployment of frontier technologies: The Company is accelerating the deployment of cutting-edge technologies. On the existing foundational platforms for solid-state batteries, dry electrode technology, and cylindrical cells, it is strengthening upstream and downstream collaboration to maintain coordinated development of frontier ecosystem technology applications.

2) Customer development and cooperation plan

In 2025, the Company will focus on four strategic directions to continuously increase market share: consolidate its leading position in the consumer electronics sector; continue to deepen cooperation with leading power and energy storage battery manufacturers and increase share; expand cooperation with end-use automobile manufacturers; accelerate market expansion in Japan, South Korea, Europe, and North America.

A tiered customer management mechanism will be established to systematically increase the share of each customer tier: accelerate mass production deliveries to existing customers; actively promote products and conduct evaluations for target customers with clearly identified development needs, providing customized solutions; maintain communication with potential customers to identify and clarify their requirements.

3) Procurement and supply chain cooperation plan

In 2025, the Company will deepen strategic cooperation with upstream partners and establish a secured supply system for key raw materials such as needle coke, petroleum coke, and calcined coke, in order to further strengthen the stability and security of raw material supply. It will also continue to enhance its raw material development capabilities by implementing low-cost coke substitution solutions and customized adjustment technologies for coke materials, thereby reducing material costs and improving product profitability.

2. Polarizer business

1) Focus on high-end products and accelerate the R&D and commercialization of high value-added products

The Company will strategically focus on the high-end upgrading of the polarizer industry, concentrating on high-growth segments such as ultra-large-size displays, high-end small- and medium-sized, automotive displays, and OLED polarizers. It will accelerate the expansion and iteration of its high value-added product portfolio, while promoting the integration of the newly acquired SP business to improve operational efficiency, with the goal of continuously enhancing the core competitiveness and profitability of its products.

2) Continue advancing the construction of global R&D centers to expand technological leadership across the board

The Company will continue to invest in the construction of global R&D centers for polarizers, strengthen industry-academia-research collaboration, actively introduce high-end talent and advanced technologies, and promote technological advancement and iteration in the display industry through collaborative innovation. These efforts will enhance the Company's R&D capabilities and facilitate the development of new technologies, new products, and new applications.

3) Drive cost reduction through the collaborative efforts of process iteration and raw material innovation

The Company will continue to promote lean innovation and refined management to achieve cost reduction and efficiency improvement. On one hand, it aims to reduce material waste rates by increasing product yield and throughput rate; on the other hand, it will continue to deepen cooperation with strategic suppliers, drive cost reduction in materials, and actively promote the localization of raw materials to ensure the stability and security of upstream supply and enhance cost competitiveness.

4) Continuously strengthen the partnership with customers

The Company will strengthen its partnership with downstream mainstream panel manufacturers. With the advantages of front-end capacity and back-end RTP/RTS supply, we will achieve stable product supply, and achieve win-win long term cooperation and development with customers with excellent product quality and service.

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

(IV) Potential Risks

√Applicable Not applicable

1. Policy risks

The Company's core businesses are well aligned with the national strategic orientation toward emerging industries. However, adjustments to national policies related to the anode materials and polarizer industries may exert a certain degree of impact on the Company's operations. In addition, significant changes in global tariff policies could introduce uncertainties to the Company's production and business activities.

Countermeasures: Continue to closely monitor relevant policies at both national and local levels, conduct thorough research and feasibility analysis prior to industrial investment, and timely adjust its investment plans to mitigate risks arising from policy changes; continue to pursue technological innovation to enhance profitability; strategically deploy overseas production capacity to circumvent trade barriers; and actively promote domestic collaboration on the localization of raw materials for polarizers to reduce the risks associated with raw material supply.

2. Market competition risks

With continued national support for the new energy industry, new entrants are being attracted into the lithium battery materials sector through direct investment, industrial transformation, or mergers and acquisitions, thereby intensifying industry competition. At the same time, existing lithium battery materials enterprises are actively expanding production capacity, leading to an increasingly competitive market landscape. If downstream demand weakens in the future, it may result in reduced demand for anode materials or sustained price declines, which could negatively impact the Company's operating performance.

As the display panel industry shifts toward China, the demand for localized upstream materials—such as polarizers—has grown rapidly. Domestic polarizer manufacturers are accelerating capacity expansion plans, and with the release of additional production capacity, the risk of intensified market competition increases.

Countermeasures: The Company remains committed to technological innovation, continuously promoting product iteration and upgrading to enhance product value-added. It also strives to improve cost competitiveness on an ongoing basis through operational efficiency enhancements and lean manufacturing initiatives.

3. Risks of fluctuations in raw material prices

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

Polarizer raw materials are mainly concentrated in relevant enterprises in Japan and South Korea, especially PVA films and TAC films are mainly purchased from relevant enterprises in Japan. The possible great change to the operation of upstream raw material suppliers or the foreign trade environment will add to the uncertainty for the Company's production and operation in the polarizer business.

Countermeasures: Track the price fluctuation of upstream raw materials in a timely manner, deepen the cooperation with upstream raw material suppliers, and continuously improve the supply chain system, so as to secure the Company's raw materials supply chain and reduce the risk of cost fluctuations. Establish stable raw material supply channels and enter into long-term agreements with upstream suppliers. Fully implement integrated capacity planning to reduce raw material costs.

4. Risks of development of new products and technologies

With evolving end-user demand and ongoing technological advancement, the industrialization of alternative battery technologies such as solid-state batteries and sodium-ion batteries may accelerate. If the Company fails to upgrade or innovate its products in a timely manner in response to these technological trends, its market position and profitability may be adversely affected.

Although LCD currently holds a dominant position in the display panel industry, emerging display technologies such as OLED and Micro LED are rapidly developing, which may challenge the market position and demand for LCD displays, thereby impacting the demand and profit margin of the Company's LCD polarizer business.

Countermeasures: Building on its solid technological foundation and leading R&D capabilities, the Company continues to strengthen research and innovation efforts, and actively deploys new material systems such as silicon-based anode and hard carbon materials. It closely tracks technological developments in solid-state and sodium-ion batteries and makes early-stage arrangements for related material systems to maintain technological foresight and leadership. The Company continues to

consolidate its leading position in LCD polarizer products while enhancing the R&D and industrialization of new products. It also expands its business through the acquisition of OLED polarizers and automotive polarizers to maintain a forward-looking position in new technologies and a leading edge in the market.

5. Risk of changes in the international trade environment

The current international environment is becoming increasingly complex, with geopolitical conflicts, trade protectionism and other factors exacerbating the instability of the international trade environment and significantly increasing the instability and uncertainty of the global supply chain. Based on the protection and localization requirements of the local industrial chain in Europe and the United States and other major countries and regions, relevant industrial policies may not be conducive to the development of domestic lithium battery overseas market, and may also affect the procurement demand of the Company's overseas customers. Overseas investment in the anode business faces multiple risks, including geopolitical tensions, legal compliance, economic fluctuations, cultural differences, intellectual property issues, and environmental responsibilities. These may lead to increased construction and operational costs as well as heightened compliance risks, thereby constraining the Company's global expansion plans.

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

6. Exchange rate risk

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

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

7. Risk related to the reorganization of the controlling shareholder

On 25 February 2025, the Yinzhou Court ruled to accept the reorganization application filed by relevant applicants against the Company's controlling shareholder, Shanshan Group. On 20 March 2025, the court ruled for the substantive consolidation and reorganization of Shanshan Group and its wholly owned subsidiary, Pengze Trading. Although the Yinzhou Court has ruled to place Shanshan Group and Pengze Trading into substantive consolidated reorganization proceedings, there remains uncertainty as to whether the reorganization will ultimately succeed. In addition, as Shanshan Group and Pengze Trading enter the reorganization proceedings, the subsequent implementation of the reorganization may result in adjustments to their equity interests in the Company, which may further reduce their shareholdings in the Company and could even lead to a change in the Company's control.

Countermeasures: The Company maintains an independent and complete business structure and possesses the capability to operate autonomously. The Company remains independent from its controlling shareholder in terms of assets, business, and finance. Currently, the reorganization of the controlling shareholder has not had any material or substantive impact on the Company's day-to-day production and operations. Going forward, the Company will continue to make every effort to carry out all aspects of its business operations and management to ensure the sound operation of the listed company. At the same

time, the Company will maintain ongoing communication with the controlling shareholder and will continue to disclose, in a timely and adequate manner, any relevant information regarding the reorganization of the controlling shareholder as soon as it becomes known.

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

Applicable Not applicable

Section IV Corporate Governance

I. Description of Corporate Governance

Applicable Not applicable

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

1. Shareholders and General Meeting

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

2. Controlling Shareholder and Listed Company

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

3. Directors and Board of Directors

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

4. Supervisors and Supervisory Committee

The Company selected and appointed supervisors in strict accordance with the procedures for the selection and appointment of supervisors stipulated in the *Articles of Association*. The number of

supervisors and the composition of the Supervisory Committee were in compliance with the requirements of laws and regulations and the Articles of Association. During the Reporting Period, the supervisors of the Company carefully performed their duties and effectively supervised the production and operation, financial status of the Company as well as the compliance of the directors and senior management with laws and regulations in performing their duties, ensuring the normative operation and management and safeguarding the legitimate rights and interests of the Company and its shareholders.

5. Performance Evaluation and Incentive and Restraint Mechanism

The Company establishes and gradually improves the performance evaluation and assessment system and incentive and restraint mechanism for directors and managers, linking the remuneration of senior executives with benefits. Allowances for directors, supervisors and independent directors are determined by the general meeting. The appointment of senior executives was open, transparent and in compliance with the relevant laws and regulations.

6. Stakeholders

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

7. Establishment and Implementation of the Registration and Management System for Insiders

The Company has established the *Registration and Management System for Insiders* in accordance with the relevant provisions of the CSRC's *Guidelines for the Supervision and Administration of Listed Companies No. 5 – Measures on Registration of Insiders of Listed Companies' Inside Information*. During the Reporting Period, the Company strictly implemented the *Registration and Management System for Insiders* in accordance with the above-mentioned regulations and properly registered the insiders of relevant insider information to prevent leakage of insider information and ensure fair and equitable disclosure of information.

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

III. General Meetings

Meeting	Convening date	Designated website for publication of the poll results	Date of publication of the poll results	Meeting resolution
Annual General Meeting for 2023	16 May 2024	Website of the SSE at http://www.sse.com.cn	17 May 2024	For details, please refer to the relevant announcements of the Company released on the designated information disclosure media and the website of the SSE.
The First Extraordinary General Meeting for 2024	25 December 2024	Website of the SSE at http://www.sse.com.cn	26 December 2024	

Preferred shareholders whose voting rights have been restored requested an Extraordinary General Meeting

Applicable Not applicable

Particulars of general meetings

Applicable Not applicable

Explanation on the First Extraordinary General Meeting for 2024

On 10 December 2024, the Company announced the notice of convening the First Extraordinary General Meeting for 2024. On 15 December 2024, the Company's controlling shareholder, Shanshan Group, submitted a written proposal to the Board of Directors, requesting that the *Proposal on the Change of Accounting Firm* be included as an ad hoc proposal to be submitted to the First Extraordinary General Meeting for 2024 for consideration. The Board of Directors of the Company made the relevant disclosure in accordance with the requirements of the *Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 1 – Standardized Operation*. On 22 December 2024, upon deliberation and approval by the Board of Directors, it was resolved to cancel the *Proposal on the Change of Accounting Firm* which had been submitted to the First Extraordinary General Meeting for 2024 for consideration. For further details, please refer to the relevant announcements published by the Company on the website of the SSE on 17 December and 24 December 2024.

IV. Directors, Supervisors and Senior Management

(I) Particulars of Changes in the Shareholding and Remuneration of Existing and Resigned Directors, Supervisors and Senior Management during the Reporting Period

√Applicable □Not applicable

Unit: share

Name	Positions	Gender	Age	Date of commencement of service term	Date of end of service term	Shareholding at the beginning of the year	Shareholding at the end of the year	Change in shares during the year	Reasons of change	Total remuneration received from the Company during the Reporting Period (before tax) (RMB0'000)	Whether received remuneration from connected person(s) of the Company
Zhou Ting	Chairman	Female	43	17 November 2024	9 May 2026	0	0	0	/	74.99	No
	Director			10 May 2023	9 May 2026						
Zheng Ju	Former chairman	Male	34	23 March 2023	17 November 2024	760,000	1,810,000	1,050,000	Increase of holdings through trading in secondary market	501.19	No
	Vice chairman			17 November 2024	9 May 2026						
	Director			23 March 2023	9 May 2026						
Zhuang Wei	Former vice chairman	Male	59	28 December 2020	17 November 2024	4,858,500	4,858,500	0	/	301.19	No
	Director			23 April 2008	9 May 2026						
Li Zhihua	Director	Male	57	12 August 2019	9 May 2026	4,858,500	4,858,500	0	/	281.19	No
	General			24 July 2019	9 May						

Name	Positions	Gender	Age	Date of commencement of service term	Date of end of service term	Shareholding at the beginning of the year	Shareholding at the end of the year	Change in shares during the year	Reasons of change	Total remuneration received from the Company during the Reporting Period (before tax) (RMB'000)	Whether received remuneration from connected person(s) of the Company
	manager				2026						
Li Fengfeng	Director	Female	45	10 July 2017	9 May 2026	3,262,000	3,149,500	-112,500	Repurchase and cancellation of restricted shares	281.19	No
	Deputy general manager			10 May 2023	9 May 2026						
Zhu Zhiyong	Director	Male	55	10 May 2023	9 May 2026	221,700	148,200	-73,500	Repurchase and cancellation of restricted shares	310.79	No
	Deputy general manager			10 May 2023	9 May 2026						
Li Keqin	Director	Male	50	10 May 2023	9 May 2026	1,000	1,000	0	/	122.86	No
	Chief financial officer			11 January 2021	9 May 2026						
Zhang Chunyi	Independent director	Male	62	18 May 2020	9 May 2026	0	0	0	/	16.62	No
Xu Yanxiu	Independent director	Male	59	18 May 2020	9 May 2026	0	0	0	/	16.62	No
Zhang Yunfeng	Independent director	Male	50	10 May 2023	9 May 2026	0	0	0	/	16.62	No
Zhu Jingtao	Independent director	Male	47	30 September 2020	9 May 2026	0	0	0	/	16.62	No
Gao Ming	Deputy general	Male	54	14 November 2022	9 May 2026	1,000	1,000	0	/	280.00	No

Name	Positions	Gender	Age	Date of commencement of service term	Date of end of service term	Shareholding at the beginning of the year	Shareholding at the end of the year	Change in shares during the year	Reasons of change	Total remuneration received from the Company during the Reporting Period (before tax) (RMB'000)	Whether received remuneration from connected person(s) of the Company
	manager										
Chen Ying	Secretary to the Board of Directors	Female	43	28 December 2020	9 May 2026	2,235,450	2,235,450	0	/	121.67	No
Xie Yun	Employee representative supervisor	Female	40	12 October 2023	9 May 2026	0	0	0	/	19.60	No
	Convenor of the Supervisory Committee			13 October 2023	9 May 2026						
Hong Zhibo	Supervisor	Female	44	18 May 2020	9 May 2026	0	0	0	/	26.60	No
Xu Chao	Supervisor	Female	35	18 May 2020	9 May 2026	0	0	0	/	33.27	No
Zhao Zhigang	Former deputy general manager	Male	52	14 November 2022	12 February 2025	0	0	0	/	280.00	No
Total	/	/	/	/	/	16,198,150	17,062,150	864,000	/	2,701.02	/

Note:

1. Some of the directors and senior management of the Company (Mr. Zheng Ju, Mr. Zhuang Wei, Mr. Li Zhihua, Ms. Li Fengfeng, Mr. Zhu Zhiyong, Mr. Gao Ming, Mr. Li Keqin and Ms. Chen Ying) planned to use their own funds to increase their holdings of the Company's A shares by means of centralized bidding transactions on the system of the Shanghai Stock Exchange within six months from 30 August 2023, with an aggregate amount of not less than RMB20 million

(inclusive) and not more than RMB40 million (inclusive). During the Reporting Period, Mr. Zheng Ju cumulatively increased his holdings of the Company's A shares by 1,050,000 shares. As of the market close on 29 February 2024, the share increase plan had been fully implemented.

2. Because the performance assessment targets for the second release period of the Company's 2022 Equity Incentive Plan were not achieved, the repurchase and cancellation of 112,500 and 73,500 restricted shares held by Ms. Li Fengfeng and Mr. Zhu Zhiyong, the incentive recipients, respectively, were completed during the Period.

Name	Primary working experience
Zhou Ting	Chairwoman of the Company. She used to be a member of Shanghai Youth Federation, a reporter and anchor of the News Department of Zhejiang Satellite TV and Dragon TV, a reporter and anchor of the News Department of China Business Network, a producer of the "Fluting of Two Sessions" series, and chairman of Shanshan Holdings. She is the incumbent controlling director of Shanshan Holdings and chairman of Shanshan Group.
Zheng Ju	Vice chairman of the Company. He previously held the positions of chairman and president of Shanshan Holdings, and currently serves as director and president of Shanshan Holdings and Shanshan Group.
Zhuang Wei	Director of the Company. He had served as the general manager of Ningbo Shanshan Venture Capital Investment Co., Ltd., general manager of NBSS, chairman and general manager of NBSS, and vice chairman of NBSS.
Li Zhihua	Director and general manager of the Company. He had served as the chairman of Dongguan Shanshan Battery Materials Co., Ltd., Ningbo Shanshan New Materials Technology Co., Ltd. and Hunan Shanshan Energy Technology Co., Ltd., and the deputy general manager, chairman and general manager of NBSS.
Li Fengfeng	Director and deputy general manager of the Company. She had served as the deputy director of the planning department, head of the president's office, the assistant to the president and the vice president of Shanshan Holdings. She is the incumbent chairman of Shanghai Shanshan Lithium Battery Material Technology Co., Ltd. and its subsidiaries.
Zhu Zhiyong	Director and deputy general manager of the Company. He has been serving as the president of Chinese Polarizer Business of LG Chem (Nanjing) since 2004, and currently serves as director and general manager of Shanjin Optoelectronics (Suzhou) Co., Ltd.
Li Keqin	Director and CFO of the Company. He served as the vice president and chief financial officer of Ningbo Shanshan Fashion Clothing Branch Management Co., Ltd., the deputy CFO and head of finance division of NBSS, and vice general manager and CFO of Jinzhou Yongshan Lithium Industry Co., Ltd.
Zhang Chunyi	Independent director of the Company. He worked at the Shanghai Open University (formerly Shanghai TV University) from 1984 to February 2023 and is currently the dean and associate professor of the accounting and finance department of the faculty of economics and management of the Shanghai Open University.
Xu Yanxiu	Independent director of the Company. He used to serve as a Member of the Supervision and Judicial Working Committee of the Standing Committee of the 15th Ningbo Municipal People's Congress, and a member of the 16th Chinese People's Political Consultative Conference (CPPCC) of Yinzhou District, Ningbo. He is currently a arbitrator of Ningbo Arbitration Commission, part-time master tutor of Ningbo University, Supervisor of Ningbo Lawyer's Association, head and managing partner and the first-class lawyer of Grandall (Ningbo) Law Firm, director of Ningbo Donghai Bank, and independent director of Ningbo Fuda Co., Ltd.
Zhang Yunfeng	Independent director of the Company. He used to serve as the investment director and fund partner of Zhonghe Venture Capital Management Co., Ltd., executive director, chief operating officer, chief investment officer and special advisor to the Board of Yingde Gases, chairman of Xinjiang Haoyuan

	Natural Gas Co., Ltd; currently serves as chairman and general manager of Shanghai Yuanhan Energy Technology Co., Ltd.
Zhu Jingtao	Independent director of the Company. He has been working at Tongji University since 2005 and has been committed to research in fields relating to optical thin films and relevant technology. He is currently a professor at the faculty of physics and engineering of Tongji University.
Gao Ming	Deputy general manager of the Company. He had served as the general manager of Shenzhen Office of Sino-Australian International Trust Co., Ltd., the general manager of South China Office of China Minsheng Trust Co., Ltd., the president of Ningbo Yilai Investment Holdings Co., Ltd., and vice president of Shanshan Holdings Co., Ltd. He was a director of Jinzhou Yongshan Lithium Industry Co., Ltd. from January 2019 to March 2024.
Chen Ying	Secretary to the Board of Directors of the Company. She had served as the head of the securities affairs division, deputy director of the securities affairs and a representative of securities affairs of NBSS.
Xie Yun	Convenor of the Supervisory Committee of the Company. She used to be the assistant to the chief analyst and the deputy manager of the Futures Department of Ningbo Sunhu Chemical Operation Co., Ltd. and the director of the office of the chairman of Ningbo Shanshan Co., Ltd., and is now the employee representative supervisor and the securities affairs manager of the Securities Affairs Department of Ningbo Shanshan Co., Ltd.
Hong Zhibo	Supervisor of the Company. She had served as the assistant to the head, deputy head and head of the finance department of NBSS, and as the head of the capital management department of NBSS. She is currently the capital manager of the financial capital department of NBSS.
Xu Chao	Supervisor of the Company. She had served as an administrative affairs specialist and assistant to the head of the administrative human resources department of NBSS, and as the secretary to the chairman of Shanshan Group. She is currently the assistant to the office director of NBSS.

Explanation on other information

Applicable Not applicable

On 17 November 2024, the Board of Directors of the Company received *Resignation Letters* from Mr. Zheng Ju, chairman of the Board, and Mr. Zhuang Wei, vice chairman of the Board. Mr. Zheng Ju applied to resign from his position as chairman of the Board due to work-related reasons; Mr. Zhuang Wei applied to resign from his position as vice chairman of the Board due to personal reasons. On the same day, the Company convened the 13th meeting of the 11th Board of Directors, at which Ms. Zhou Ting, director, was elected as chairwoman of the 11th Board of Directors, and Mr. Zheng Ju was elected as vice chairman of the 11th Board of Directors.

On 12 February 2025, the Company convened the 18th meeting of the 11th Board of Directors, at which the *Proposal on the Adjustment of Senior Management Positions of the Company* was considered and approved. Mr. Zhao Zhigang ceased to serve as deputy general manager of the Company and has been reassigned to another position.

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

1. Engagement in shareholding companies

√Applicable □Not applicable

Name	Name of shareholding company	Positions held in shareholding company	Date of commencement of service term	Date of end of service term
Zhou Ting	Shanshan Holdings Co., Ltd.	Chairwoman	15 November 2024	7 February 2025
	Shanshan Holdings Co., Ltd.	Director	15 November 2024	to date
	Shanshan Group Co., Ltd.	Chairwoman, director	20 November 2024	to date
Zheng Ju	Shanshan Holdings Co., Ltd.	Chairman	12 February 2018	15 November 2024
	Shanshan Holdings Co., Ltd.	Director	12 February 2018	to date
	Shanshan Holdings Co., Ltd.	President	20 July 2015	to date
	Shanshan Group Co., Ltd.	Director	2 September 2019	to date
	Ningbo Yinzhou Jielun Investment Co., Ltd.	Executive director	19 May 2016	26 February 2024
	Ningbo Yinzhou Jielun Investment Co., Ltd.	Chairman	26 February 2024	to date
	Ningbo Yinzhou Jielun Investment Co., Ltd.	General manager	19 May 2016	to date
Li Zhihua	Shanshan Holdings Co., Ltd.	Director	8 April 2020	to date
Explanation on the engagement in shareholding companies				

2. Position at other entities

√Applicable □Not applicable

Name	Name of other company	Position held in other company	Date of commencement of service term	Date of end of service term
Zhou Ting	GUANHUI EDUCATION	Director	12 September 2018	to date
Zheng Ju	Shanghai Xianyi Investment Co., Ltd.	Executive director, general manager	9 November 2016	to date
	Ningbo Juhua Industrial Holdings Co., Ltd.	Executive director, general manager	18 July 2023	to date
Zhuang Wei	Zhejiang Chouzhou Commercial Bank Co., Ltd.	Director	June 2011	27 June 2024
Li Zhihua	BASF Shanshan Battery Material Co., Ltd.	Director	13 November 2003	to date

	BASF Shanshan Battery Material (Ningxia) Co., Ltd.	Director	15 January 2016	to date
	BASF Shanshan Battery Material (Ningxiang) Co., Ltd.	Director	11 March 2014	to date
Li Fengfeng	Shanghai Shanchong Business Consulting Partnership Enterprise (Limited Partnership)	Executive partne	23 September 2019	to date
	Shanghai Shanhe Business Consulting Partnership Enterprise (Limited Partnership)	Executive partne	16 October 2019	to date
	Shanghai Shanhao Business Consulting Partnership Enterprise (Limited Partnership)	Executive partne	30 March 2021	to date
Zhang Chunyi	Shanghai Open University	Dean, associate professor	1984	February 2023
	Maxscend Microelectronics Company Limited	Independent director	25 August 2023	24 August 2026
Xu Yanxiu	Grandall (Ningbo) Law Firm	Head, managing partner and the first-class lawyer	March 2019	to date
	Ningbo Donghai Bank	Director	March 2020	March 2026
	Ningbo Fuda Co., Ltd.	Independent director	23 April 2020	25 April 2026
Zhang Yunfeng	Yuanhan Holdings (Jiangsu) Co., Ltd.	Chairman, executive director, general manager	12 June 2024	to date
	Shanghai Yuanhan Energy Technology Co., Ltd.	Chairman and general manager	24 January 2018	to date
	Hangzhou Teamwin Energy Technology Development Co., Ltd.	Chairman	23 September 2019	to date
	Hangzhou Teamwin Energy Import & Export Co., Ltd.	Executive director, general manager	20 April 2020	to date
	Suining Yuanhan Energy Technology Co., Ltd.	Director	21 August 2020	to date
	Jingmen Yuanhan Battery Materials Co., Ltd.	Chairman	23 October 2023	to date
	Green Tech (Shanghai) Technology Development Co., Ltd.	Director	20 October 2022	to date
	Suzhou Ruisideng New Energy Technology Co., Ltd.	General manager	4 June 2013	to date
	Suzhou Sibolu Photovoltaic Energy Technology Co., Ltd.	Director	8 March 2007	to date
	Shanghai Yunli Enterprise Management Consulting Co., Ltd.	Executive director	16 May 2016	to date
Zhu Jingtao	Tongji University	Professor	June 2007	to date
	Suzhou Hongce Photoelectric	General	26 August 2015	to date

	Technology Co., Ltd.	manager		
	Haikou Hengxing Technology Co., Ltd.	General manager	10 June 2022	to date
	Shenzhen Honghaina Micro Technology Co., Ltd.	General manager	29 February 2024	to date
	Shenzhen Hongce Precision Optical Technology Co., Ltd.	General manager	7 March 2024	to date
Gao Ming	Jinzhou Yongshan Lithium Industry Co., Ltd.	Director	25 January 2019	22 March 2024
	Shanghai Jinyuda Management Consulting Co., Ltd.	Executive director	13 September 2021	to date
Explanation on the engagement in other companies	None			

(III) Particulars of Remuneration of the Directors, Supervisors and Senior Management

Applicable Not applicable

Decision-making procedures for the remuneration of the directors, supervisors and senior management	The remuneration packages for directors and senior management shall be considered by the Remuneration and Evaluation Committee of the Board of Directors; and the allowances for directors and supervisors shall be considered by the general meeting.
Whether a director recuses himself from the Board's discussion of his remuneration matters	Yes
Details of recommendations issued by the Remuneration and Evaluation Committee or the specialized meeting of independent directors on matters relating to the remuneration of directors, supervisors and senior management	The Remuneration and Evaluation Committee under the Board of Directors has considered and approved the remuneration packages for directors and senior executives.
Basis for determining the remuneration of the directors, supervisors and senior management	Directors, supervisors and senior managers shall, have their remuneration determined based on their specific positions in the Company and its subsidiaries in accordance with the remuneration management system of the company where they work, and receive corresponding allowances in accordance with the resolutions of the general meeting.
Particulars of actual remuneration paid to the directors, supervisors and senior management	For details, please refer to the particulars of changes in the shareholding and remuneration of directors, supervisors and senior management.
Total actual remuneration received by all directors, supervisors and senior management at the end of the Reporting Period	For details, please refer to the particulars of changes in the shareholding and remuneration of directors, supervisors and senior management.

(IV) Change of the Directors, Supervisors and Senior Management of the Company

Applicable Not applicable

Name	Position	Change	Reason for change
Zhou Ting	Chairman	Elected	Elected by the Board of Directors
Zheng Ju	Vice chairman	Elected	Elected by the Board of Directors
Zheng Ju	Chairman	Resigned	Work-related reasons
Zhuang Wei	Vice chairman	Resigned	Personal reasons
Zhao Zhigang	Deputy general manager	Resigned	Adjustment approved by the Board of Directors

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

Applicable Not applicable

V. Particulars of the Board Meetings Convened During the Reporting Period

Meeting	Convening date	Meeting resolution
The 7th meeting of the 11th Board of Directors	4 February 2024	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE
The 8th meeting of the 11th Board of Directors	24 April 2024	
The 9th meeting of the 11th Board of Directors	7 May 2024	
The 10th meeting of the 11th Board of Directors	6 June 2024	
The 11th meeting of the 11th Board of Directors	29 August 2024	
The 12th meeting of the 11th Board of Directors	30 October 2024	
The 13th meeting of the 11th Board of Directors	17 November 2024	
The 14th meeting of the 11th Board of Directors	9 December 2024	
The 15th meeting of the 11th Board of Directors	15 December 2024	
The 16th meeting of the 11th Board of Directors	22 December 2024	
The 17th meeting of the 11th Board of Directors	30 December 2024	

VI. Performance of Duties by Directors

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

Director name	Independent director or not	Attendance at Board meetings						Attendance at general meetings
		Attendance required for the year	Personal presence	Remote presence	Proxy presence	Number of absences	Two consecutive absences from meetings	Number of attendances at general meetings
Zhou Ting	No	11	11	8	0	0	No	0

Zheng Ju	No	11	11	10	0	0	No	1
Zhuang Wei	No	11	11	8	0	0	No	1
Li Zhihua	No	11	11	9	0	0	No	0
Li Fengfeng	No	11	11	9	0	0	No	1
Zhu Zhiyong	No	11	10	9	1	0	No	2
Li Keqin	No	11	11	6	0	0	No	2
Zhang Chunyi	Yes	11	10	8	1	0	No	2
Xu Yanxiu	Yes	11	11	9	0	0	No	2
Zhang Yunfeng	Yes	11	11	9	0	0	No	2
Zhu Jingtao	Yes	11	11	8	0	0	No	2

Explanation on two consecutive absences from Board meetings

Applicable Not applicable

Board meetings held during the year	11
Of which: on-site meetings	1
Meetings via communication	6
On-site meetings plus communication	4

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

Applicable Not applicable

VII. Specialized Committees under the Board of Directors

Applicable Not applicable

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

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

Note: On 17 November 2024, the 13th meeting of the 11th Board of Directors of the Company reviewed and approved the election of Ms. Zhou Ting as chairwoman of the Board and Mr. Zheng Ju as vice chairman. Pursuant to the *Articles of Association of Ningbo Shanshan Co., Ltd.* and the *Implementation Rules of the Strategy Committee of the Board of Directors of Ningbo Shanshan Co., Ltd.*, the chairman of the Strategy Committee of the Board of Directors has been changed from Mr. Zheng Ju to Ms. Zhou Ting.

(II) During the Reporting Period, the Audit Committee Held 9 Meetings

Convening date	Agenda of meeting	Important opinions and recommendations	Other performance of duties
17 January 2024	Heard a report from the Company's management on the overall operating performance in 2023, and conducted preliminary discussions on the annual results forecast and annual audit arrangements.	Provided relevant suggestions on the Company's daily operations and the disposal of non-core businesses.	None
29 February 2024	Held a special communication with the Company's management and the accounting firm regarding the issue of fund occupation by the controlling shareholder.	<p>(1) Urged the controlling shareholder to implement a repayment plan within the stipulated period and promptly return the occupied funds;</p> <p>(2) Promoted the rectification of the Company's internal control system, and enhanced the awareness of responsibility and compliance, especially among relevant personnel and the controlling shareholder;</p> <p>(3) Maintained communication with the accounting firm, management, and controlling shareholder to properly resolve the matter and ensure the accurate preparation and disclosure of the annual report.</p>	Following the meeting, the Audit Committee proactively reported the matter to the regulatory authorities, continued to monitor the repayment of funds by the Company's controlling shareholder, and urged the Company to conduct a comprehensive internal control self-assessment and implement corresponding rectification measures. The chairman convened a dedicated meeting of independent directors for focused discussion, and, together with all independent directors, issued a <i>Rectification Recommendation Letter</i> to the Company.
14 April 2024	Reviewed key audit matters of the 2023 annual report, preliminary audit opinions, and relevant financial statements, and held thorough communications with the annual audit CPAs regarding the key audit matters and preliminary opinions.	Adopted	None

Convening date	Agenda of meeting	Important opinions and recommendations	Other performance of duties
24 April 2024	<p>I. Proposal on the Financial and Accounting Reports of the Company for 2023 Audited by the Accounting Firm;</p> <p>II. Proposal on the Re-appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the Auditor of the Company for 2024;</p> <p>III. <i>2023 Annual Report of Audit Committee of the Board of Directors of Ningbo Shanshan Co., Ltd. on Duty Performance;</i></p> <p>IV. <i>Report on the Evaluation of the 2023 Performance of the Accounting Firm and the Supervision Responsibilities Performed by the Audit Committee of the Board of Directors of Ningbo Shanshan Co., Ltd.;</i></p> <p>V. <i>2023 Annual Internal Control Evaluation Report of Ningbo Shanshan Co., Ltd.;</i></p> <p>VI. <i>Special Explanation of Board of Directors on the Unqualified Audit Report with Emphasized Matters of the Company for 2023 and the Unqualified Audit Report with Emphasized Matters on the Internal Control;</i></p> <p>VII. Proposal on the First Quarterly Report for 2024 (Unaudited) of Ningbo Shanshan Co., Ltd.</p>	Adopted	None
7 May 2024	Proposal on Correction of Accounting Errors in the 2023 Annual Report.	Adopted	None
29 August 2024	Proposal on the Full Text and Summary of the 2024 Semi-Annual Report of Ningbo Shanshan Co., Ltd.	Adopted	None
30 October 2024	Proposal on the Third Quarterly Report for 2024 (Unaudited) of Ningbo Shanshan Co., Ltd.	Adopted	None
13 December 2024	Proposal on the Change of the Accounting Firm.	Adopted	The Independent The Independent directors

Convening date	Agenda of meeting	Important opinions and recommendations	Other performance of duties
29 December 2024	Proposal on the Change of the Accounting Firm.	Adopted	<p>serving on the Audit Committee held dedicated meetings with the Company's CFO and Secretary to the Board of Directors on 19, 20, and 27 December 2024, jointly with other non-committee independent directors, to deliberate on the proposed change of auditing firms. During these sessions, they conducted inquiries and expressed their opinions regarding the matter.</p>

(III) During the Reporting Period, the Remuneration and Evaluation Committee Held 3 Meetings

Convening date	Agenda of meeting	Important opinions and recommendations	Other performance of duties
24 April 2024	(I) Proposal on Cancellation of Certain Stock Options and Repurchase and Cancellation of Certain Restricted Shares under the Company's 2022 Stock Option and Restricted Stock Incentive Plan; (II) Proposal on the Remuneration Packages for the Company's Directors and Senior Management.	Adopted	None
6 June 2024	Proposal on Adjustment of Related Equity Price under the Company's 2022 Stock Option and Restricted Stock Incentive Plan.	Adopted	None
29 August 2024	Proposal on Cancellation of Certain Stock Options and Repurchase and Cancellation of Certain Restricted Shares under the Company's 2022 Stock Option and Restricted Stock Incentive Plan.	Adopted	None

(IV) During the Reporting Period, the Nomination Committee held 1 meeting

Convening date	Agenda of meeting	Important opinions and recommendations	Other performance of duties
17 November 2024	Proposal on Qualification Review and Approval of the Nomination of the Chairman and Vice Chairman of the Company.	Adopted	None

(V) Particulars of the Existence of Any Disagreement

Applicable Not applicable

VIII. Statement about the Company's Exposure to Risks by the Board of Supervisors

Applicable Not applicable

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

IX. Particulars of Employees of the Parent Company and Its Major Subsidiaries at the End of the Reporting Period

(I) Employees

Number of the existing employees of the Parent Company	101
Number of the existing employees of major subsidiaries	7,083
Total number of the existing employees	7,184
Number of the retired employees for whom the Parent Company and its major subsidiaries are required to bear the expenses	9
Professional composition	
Professional category	Number of professional employees
Production staff	4,905
Sales personnel	51
Technical personnel	727
Management	244
R&D team members	428
Functional personnel	829
Total	7,184
Education level	
Education level category	Number (person)
Doctor	17
Master	331
Bachelor	1,453
College and below	5,383
Total	7,184

(II) Remuneration Policy

Applicable Not applicable

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

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

(III) Training Programs

Applicable Not applicable

Upholding the core philosophy of "talent-driven development," the Company regards talent as the key driving force behind its growth and is committed to building a comprehensive, multidimensional talent development system. It focuses on enhancing the capabilities of its management team, systematically strengthening the management functions across finance, human resources, administration, and internal controls. The Company and its subsidiaries have also advanced practical, skills-based training programs

in core business areas such as R&D, production, and marketing, with the aim of empowering key personnel and promoting the dual improvement of employees' professional competencies and overall capabilities. Particular emphasis is placed on the development of the internal trainer team, which is being cultivated into a professional force for knowledge transfer and experience sharing - laying a solid talent foundation to support the Company's pursuit of high-quality, sustainable growth.

(IV) Labor Outsourcing

Applicable Not applicable

Total man-hours of outsourced labor (hour)	6,713,929.50
Total remuneration paid for outsourced labor (RMB0'000)	21,448.78

X. Plan of Profit Distribution or Capitalization of Surplus Reserve

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

Applicable Not applicable

Profit distribution policy of the Company:

1. Basic principles for profit distribution of the Company:

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

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

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

(1) Form of profit distribution:

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

(2) Conditions for cash dividends:

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

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

(c) The Company has no events such as material investment plan or significant cash expenditure, excluding projects using proceeds raised in the coming twelve months. Major investment plan or major cash expenditure means that the accumulated expenditures of the proposed external investment, acquisition of assets or purchase of equipment by the Company in the coming twelve months amount to or exceed 10% of the latest audited net assets of the Company.

(3) Proportion of cash dividends:

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

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

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

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

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

The specific stage of the Company during the actual dividend distribution shall be determined by the Board of Directors of the Company in accordance with the specific circumstances.

(4) Conditions for issuing stock dividends:

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

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

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

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

Before the general meeting considers the profit distribution plan, the Company shall take various ways to fully discuss and communicate with the shareholders, especially the minority shareholders holding

shares of the Company, regarding the cash dividend plan, listen to the opinions and demands of the minority shareholders, and promptly respond to the concerns of the minority shareholders.

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

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

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

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

If it is necessary to adjust or change the profit distribution policy, the conditions stipulated in the Articles of Association shall be satisfied and the relevant proposals shall be subject to detailed demonstration. The Supervisory Committee of the Company shall consider the profit distribution policy formulated and modified by the Board of Directors and approve them by voting of more than half of the supervisors.

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

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

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

Formulation and implementation of profit distribution plan during the Reporting Period

The 2023 profit distribution plan of the Company: Based on the shares for distribution on the date of stock registration when the Company implements the 2023 profit distribution plan (Total share capital less the number of shares in the company's special account for repurchases), the Company will distribute a cash dividend of RMB2.00 (tax inclusive) for every 10 shares held by each shareholder. There will be no plan for conversion of capital reserve into share capital.

The above proposal was considered and approved by the 8th meeting of the 11th Board of Directors of the Company and then submitted to the 2023 Annual General Meeting of the Company for consideration and approval.

The above profit distribution plan was implemented on 6 June 2024.

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

In 2023, the Company distributed cash dividends in the amount of RMB437,401,038.60, which exceeded 10% of the distributable profit realized by the Company in 2023. From 2021 to 2023, the Company continuously distributed cash dividends for three consecutive years, with a cumulative amount of RMB1,815,918,985.44, which exceeded 30% of the average distributable profits realized by the Company in the past three years (2021 to 2023), in compliance with the cash dividend policy as stipulated in the Articles of Association of the Company.

(II) Special Description of the Cash Dividend Policy

Applicable Not applicable

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

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

Applicable Not applicable

(IV) Plan for Profit Distribution and Capitalization of Surplus Reserve during the Reporting Period

Applicable Not applicable

Upon audit by Pan-China Certified Public Accountants LLP, the net profit attributable to shareholders of the listed company in the consolidated financial statements for the year 2024 was RMB - 367,136,028.73, while the net profit in the parent company's financial statements was RMB - 305,639,501.63.

In light of the overall loss for 2024 and pursuant to the relevant provisions of the *Articles of Association*, the Company does not meet the prerequisite conditions for cash dividend distribution. Taking into full account the Company's current business operations and future development needs, and in order to safeguard the long-term interests of the Company and its shareholders, the Company proposes not to distribute cash dividends, issue bonus shares, or convert capital reserves into share capital for the year 2024.

1. Explanation for not distributing profits in 2024

In accordance with the *Guidelines No. 3 on the Supervision and Administration of Listed Companies – Cash Dividend Distribution of Listed Companies*, the *Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 1 – Standardized Operation*, and other relevant laws, regulations, normative documents, as well as the *Articles of Association*, the Company's profit distribution shall adhere to the principle of prioritizing reasonable returns to investors, while also taking into account the Company's long-term interests, the overall interests of all shareholders, and the goal of sustainable development. As the net profit attributable to shareholders of the listed company as shown in the 2024 consolidated financial statements, and the net profit as reflected in the parent company's financial statements, were both negative – indicating that the Company did not achieve profitability in 2024 – taking into full consideration the current state of the Company's principal business, future development strategies, operational plans, cash flow position, macroeconomic conditions, and the fundraising environment, and in order to safeguard sustainable development and better protect the long-term interests of the Company and all its shareholders, the Company proposes not to distribute cash dividends, issue bonus shares, or convert capital reserves into share capital for the year 2024.

2. Measures proposed by the Company to enhance investor returns

Looking ahead, the Company will continue to focus on its dual core businesses – anode materials for lithium batteries and polarizers – and uphold a customer-centric approach. It will advance a dual-engine strategy of technological innovation and cost leadership by strengthening R&D investment, improving intelligent manufacturing capabilities, and optimizing operational efficiency, all aimed at enhancing operating performance and overall business quality. At the same time, in accordance with the Company's profit distribution policy and its actual operating conditions, the Company will, from the perspective of supporting both corporate development and investor returns, strike a balance between the continuity and relative stability of its dividend policy, and actively distribute dividends in cash to reward investors, share the Company's growth achievements with investors, and enhance overall investor returns.

(V) Cash Dividend Distribution over the Most Recent Three Fiscal Years

Applicable Not applicable

	Unit: Yuan	Currency: RMB
Total cash dividends distributed over the most recent three fiscal years (tax inclusive) (1)		1,108,755,405.90
Total amount used for share repurchase and cancellation over the most recent three fiscal years (2)		0.00
Total amount of cash dividends and share repurchase and cancellation over the most recent three fiscal years (3) = (1) + (2)		1,108,755,405.90
Average annual net profit over the most recent three fiscal years (4)		1,029,821,470.98
Cash dividend payout ratio over the most recent three fiscal years (%) (5) = (3) / (4)		107.66

Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements for the most recent fiscal year	-367,136,028.73
Undistributed profits at the end of the most recent fiscal year in the parent company's financial statements	1,783,565,318.84

XI. Share Option Incentive Scheme, Employee Share Scheme or Other Employee Incentives and Their Impact

(I) Related Matters Under the Incentive Schemes Which Were Disclosed in the Extraordinary Announcements and Had No Further Progress or Change in Implementation

Applicable Not applicable

Item overview	Resolutions are publicized
<p>On 24 April 2024, the 8th Meeting of the 11th Board of Directors and the 7th Meeting of the 11th Supervisory Committee deliberated and approved the <i>Proposal on Cancellation of Certain Stock Options and Repurchase and Cancellation of Certain Restricted Shares under the Company's 2022 Stock Option and Restricted Stock Incentive Plan</i>.</p> <p>On 6 June 2024, the 10th Meeting of the 11th Board of Directors and the 9th Meeting of the 11th Supervisory Committee deliberated and approved the <i>Proposal on Adjustment of Related Equity Price under the Company's 2022 Stock Option and Restricted Stock Incentive Plan</i>.</p> <p>On 27 June 2024 and 1 July 2024, the Company completed the relevant procedures for the adjustment of the repurchase price of the aforesaid restricted shares and their repurchase and cancellation, as well as the adjustment of the exercise price of the stock options and their cancellation at the CSDC Shanghai Branch, respectively.</p> <p>On 29 August 2024, the 11th Meeting of the 11th Board of Directors and the 10th Meeting of the 11th Supervisory Committee deliberated and approved the <i>Proposal on Cancellation of Certain Stock Options and Repurchase and Cancellation of Certain Restricted Shares under the Company's 2022 Stock Option and Restricted Stock Incentive Plan</i>.</p> <p>On 11 September 2024 and 29 October 2024, the Company completed the cancellation procedures for the aforesaid stock options and the restricted stock repurchase and cancellation procedures at the CSDC Shanghai Branch, respectively.</p>	<p>For details, please refer to the relevant announcements of the Company released on the designated information disclosure media and the website of the SSE on 26 April 2024, 7 June 2024, 25 June 2024, 30 August 2024, and 25 October 2024.</p>

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

Share option incentive scheme
Applicable Not applicable

Employee share scheme
Applicable Not applicable

Other incentives
Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

The Company establishes and gradually improves a fair and transparent performance evaluation and assessment system and incentive and restraint mechanism for directors and managers, linking the remuneration of senior executives with benefits. The appointment of senior executives was open, transparent and in compliance with the relevant laws and regulations.

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

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

Applicable Not applicable

The Company has built an internal control construction system based on the internal control framework system of NBSS, and each subsidiary has formulated their own internal control system and strictly implemented them, covering 16 management business cycles and 99 internal control management sub-systems, including comprehensive management, internal control management, personnel management, information management, public affairs, security management, financial management, procurement management, sales management, credit management, investment management, engineering project management, R&D management, securities management, brand management and risk asset management. In the first half of 2024, each subsidiary completed the revision of the internal control system according to the internal control framework system of NBSS, further strengthening the provisions related to the approval of related party contracts, review of large-sum payments, supplier access management, and decision-making management for material matters.

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

Explanation on material defects regarding internal control during the Reporting Period

Applicable Not applicable

XIII. Management and Control over Subsidiaries during the Reporting Period

Applicable Not applicable

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

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

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

XIV. Relevant Statement regarding the Internal Control Audit Report

Applicable Not applicable

For details, please refer to the *Internal Control Audit Report of Ningbo Shanshan Co., Ltd. for 2024* disclosed on the website of the SSE.

Whether to disclose the internal control audit report: Yes

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

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

Not applicable

Section V Environmental and Social Responsibility

I. Environmental Protection Information

Is there a mechanism related to environmental protection?	Yes
Environmental protection funds invested during the Reporting Period (Unit: RMB0'000)	10,190.06

(I) Explanation on Environmental Protection Efforts of the Highly Polluting Companies and Their Major Subsidiaries as Announced by the Environmental Protection Authorities

√Applicable Not applicable

1. Pollutant discharge

√Applicable Not applicable

Company name	Pollutant type	Name of the major pollutants and specific pollutants	Concentration of the discharge	Total discharge (t/a)	Total discharge approved (t/a)	Excess discharge	Discharge method	Number and distribution of discharge outlets	Pollutant discharge standards implemented
Shanjin Optoelectronics (Nanjing) Co., Ltd.	Wastewater	Chemical oxygen demand (COD)	229.5mg/L	270.075	702.255	None	Indirect discharge	1 discharge outlet	Discharge Standard of Water Pollutants for Electronic Industry (GB39731-2020) and takeover standards of sewage treatment plants in Nanjing Economic and Technological Development Zone
		Ammonia nitrogen	0.6mg/L	0.679	3.701				
		Total phosphorus	0.17mg/L	0.205	0.633				
		Total nitrogen	7.54mg/L	9.238	21.531				
		Suspended solid	53mg/L	53.119	564.297				
	Waste gas	Sulfur dioxide	4.8mg/m ³	0.191	0.49	None	Organized emission	9 discharge outlets	Integrated Emission Standard of Air Pollutants (DB32/4041-2021)
		NO _x	3.3mg/m ³	3.23	8.095			9 discharge outlets	

Company name	Pollutant type	Name of the major pollutants and specific pollutants	Concentration of the discharge	Total discharge (t/a)	Total discharge approved (t/a)	Excess discharge	Discharge method	Number and distribution of discharge outlets	Pollutant discharge standards implemented
Shanjin Optoelectronics Technology (Zhangjiagang) Co., Ltd.		VOCs (in total non-methane hydrocarbons)	6.3mg/m ³	19.24	96.777			15 discharge outlets	
		Particulate matter	3.1mg/m ³	1.708	3.446			12 discharge outlets	
	Production wastewater	COD	296.05mg/L	113.35	393.109	None	Connected to the sewage network	2 discharge outlets	Table 1 Indirect Discharge Standards under the <i>Discharge Standard of Water Pollutants for Electronic Industry</i> (GB 39731-2020) and level 3 standard under Table 4 of the <i>Integrated Wastewater Discharge Standard</i> (GB 8978-1996)
		Suspended solid	16mg/L	6.2	74.981				
	Waste gas	Sulfur dioxide	≤5mg/m ³	0.5103	1.189	None	Organized emission	3 discharge outlets	<i>Integrated Emission Standard of Air Pollutants</i> (DB32/4041-2021) and <i>Emission Standard of Volatile Organic Compounds for the Chemical Industry</i> (DB32/3151-2016)
		NOx	≤14mg/m ³	1.811	5.641			3 discharge outlets	
		VOCs (in total non-methane hydrocarbons)	5.6mg/m ³	5.361	79.925			7 discharge outlets	
		Particulate matter	1.6mg/m ³	1.088	2.431			3 discharge outlets	

Company name	Pollutant type	Name of the major pollutants and specific pollutants	Concentration of the discharge	Total discharge (t/a)	Total discharge approved (t/a)	Excess discharge	Discharge method	Number and distribution of discharge outlets	Pollutant discharge standards implemented
Shanjin Optoelectronics (Guangzhou) Co., Ltd.	Waste gas	VOCs	≤30mg/m ³	11.13	Total≤121.6	None	Organized emission	12 discharge outlets: around the plants and on the roofs of the buildings	<i>Emission Standard of Volatile Organic Compounds - Furniture Manufacturing Industry</i> (DB44/814-2010) Level 2 standard of <i>Guangdong Emission Limits of Air Pollutants</i> (DB44/27-2001) in the second time period Table 2 Limits of emission concentration of air pollutants from gas-fired boilers in Guangdong <i>Provincial Standards for Boiler Emission of Air Pollutants</i> (DB44/765-2019) Table 3 Limits of emission concentration of air pollutants from gas-fired boilers in Guangdong

Company name	Pollutant type	Name of the major pollutants and specific pollutants	Concentration of the discharge	Total discharge (t/a)	Total discharge approved (t/a)	Excess discharge	Discharge method	Number and distribution of discharge outlets	Pollutant discharge standards implemented
									Provincial Standards for Boiler Emission of Air Pollutants (DB44/765-2019)
	Wastewater	BOD5	109.95mg/m ³	46	/	None	/	1 discharge outlet	Subject to the indirect emission limits in Table 1 of the <i>Discharge Standard of Water Pollutants for Electronic Industry</i> (GB39731-2020) Difference: 1. 20mg/L for Ammonia nitrogen; 2. 45mg/L for Ammonia nitrogen
		Suspended solid	13.04mg/m ³	7.6	/				
		Total phosphorus	0.06mg/m ³	0.037	/				
		LAS	0.47mg/m ³	0.26	/				
		Iodide	57.23mg/m ³	47.2	/				
		COD	230.42mg/m ³	112.5	510.421				
		Ammonia nitrogen	0.40mg/m ³	0.26	1.734				
Shanghai Shanshan Technology Co., Ltd.	Waste gas	Particulate matter	7.6mg/m ³	0.011109	0.036362	None	Organized (Discharged at an altitude of 15m after treatment according to relevant standards), unorganized	5 discharge outlets: workshop 2 (1), workshop 3 (2), workshop 4 (2)	<i>Integrated Emission Standard of Air Pollutants</i> DB31/933-2015
Ningbo Shanshan New	Waste gas	VOCs	0.72mg/m ³	0.030711	7.96	None	Discharged at an altitude	12 discharge outlets: 9 dust	<i>Integrated Emission Standard of Air</i>
		SO2	0.18mg/m ³	0.327958	0.52				

Company name	Pollutant type	Name of the major pollutants and specific pollutants	Concentration of the discharge	Total discharge (t/a)	Total discharge approved (t/a)	Excess discharge	Discharge method	Number and distribution of discharge outlets	Pollutant discharge standards implemented
Material Technology Co., Ltd.		NOX	0.76mg/m ³	1.269706	19.44		of 15m after treatment according to relevant standards	outlets, 2 exhaust outlets, 1 canteen fume outlet	<i>Pollutants (GB16297-1996)</i> <i>Emission Standard of Cooking Fume (Trial (GB18483-2001))</i> <i>Implementation Plan for Comprehensive Control of Air Pollution of Industrial Furnaces in Zhejiang Province</i>
		Particulate matter	2.53mg/m ³	2.043902	17.09				
Fujian Shanshan Technology Co., Ltd.	Waste gas	Sulfur dioxide	200mg/Nm ³	0.630762	5.778	None	Organized emission	10 discharge outlets: semi-finished product processing workshop discharge outlet 1#, semi-finished product processing workshop discharge outlet 2#, semi-finished product processing workshop discharge outlet 3#, finished product processing workshop 1	<i>Integrated Emission Standard of Air Pollutants</i> » (GB16297-1996) <i>Emission Standard of Air Pollutants for Industrial Furnaces (GB9078-1996)</i> <i>Emission Standard of Volatile Organic Compounds for Industrial Enterprises (DB35/1782-2018)</i> <i>Scheme for Comprehensive Control of Air Pollution of Industrial Furnaces in Fujian Province</i>
		Particulate matter	30mg/Nm ³	0.066677	1.341				
		Asphalt fume	40mg/Nm ³	0.384675	10.1 (VOCS)				
		NMHC	80mg/Nm ³	2.106253					
		Benzopyrene	<2*10 ⁻⁶ mg/m ³	0					

Company name	Pollutant type	Name of the major pollutants and specific pollutants	Concentration of the discharge	Total discharge (t/a)	Total discharge approved (t/a)	Excess discharge	Discharge method	Number and distribution of discharge outlets	Pollutant discharge standards implemented
								north line discharge outlet 4#, organic exhaust gas exhaust funnel 5#, finished product processing workshop 1 south line discharge outlet 6#, breaking and grading workshop discharge outlet 7#, press-ton package room discharge outlet 8#, finished products processing workshop 2 discharge outlet 9#, semi-finished product processing workshop aqueous phase discharge outlet 10#	(Min Huan Bao Da Qi (2019) No.10)
Inner Mongolia	Waste gas	Particulate matter	4.7mg/Nm ³	5.166	32.852	None	Organized emission +	5 discharge outlets: 1#	<i>Integrated Emission Standard of Air</i>

Company name	Pollutant type	Name of the major pollutants and specific pollutants	Concentration of the discharge	Total discharge (t/a)	Total discharge approved (t/a)	Excess discharge	Discharge method	Number and distribution of discharge outlets	Pollutant discharge standards implemented
Shanshan New Material Co., Ltd.		Sulfur dioxide	11mg/m ³	8.058	40.735		fugitive emission	graphitization workshop exhaust, 2# graphitization workshop exhaust, 3# graphitization workshop exhaust, 4# graphitization workshop exhaust, 2# warehouse exhaust	<i>Pollutants</i> (GB16297-1996) <i>Emission Standard of Air Pollutants for Industrial Furnaces</i> (GB9078—1996)
		NOx	33mg/Nm ³	23.631	93.154				
		NMHC	1.64mg/Nm ³	0.849	63.722				
		Asphalt fume	<17.3mg/Nm ³	15.409008					
		Benzopyrene	<0.000002mg/Nm ³	7.00E-06					
Wastewater	COD	41.667mg/L	4.086	22.15	None	Connected to the sewage network	3 discharge outlets: the discharge outlets are located next to the south west gate of the plant, the east of the north gate of the plant and the west of the north gate of the plant	<i>Integrated Wastewater Discharge Standard</i> (《污水综合排放标准》)(GB8978-1996)	
	Ammonia nitrogen	13.900mg/L	0.489	2.93					
Inner Mongolia Shanshan Technology Co., Ltd.	Waste gas	Particulate matter	3.5mg/m ³	4.441	4.5	None	Organized emissions are discharged upon	10 emission outlets: 6 for drying, 1 for modification, 1 for pilot	<i>Emission Standard of Air Pollutants for Coal-burning Oil-burning Gas-fired</i>
		NOx	23mg/m ³	6.552	35.394				
		Sulfur dioxide	11mg/m ³	0.701	0.72				
		NMHC	5.72mg/m ³	1.4616	/				

Company name	Pollutant type	Name of the major pollutants and specific pollutants	Concentration of the discharge	Total discharge (t/a)	Total discharge approved (t/a)	Excess discharge	Discharge method	Number and distribution of discharge outlets	Pollutant discharge standards implemented
		Asphalt fume	16.96mg/m ³	0.8652	/		treatment to meet standards; fugitive emissions	testing, 1 for carbonization, 1 for boiler	Boilers (GB13271-2014) Emission Standard of Pollutants for Battery Industry (GB30484-2013) Integrated Emission Standard of Air Pollutants (GB16297-1996) Emission Standard of Air Pollutants for Industrial Furnaces (GB9078-1996)
		Benzopyrene[a]	Nil	0.000000882	/				
	Wastewater	BOD5	79.5mg/L	/	/	None	Connected to the sewage network	3 discharge outlets: located at the east gate, west gate, and south gate, respectively	Integrated Wastewater Discharge Standard (《污水综合排放标准》) (GB8978-1996)
		Total salt content	634mg/L	/	/				
		Animal and vegetable oil	0.54mg/L	/	/				
		COD	266mg/L	6.3	42.56				
		Total phosphorus	3.04mg/L	/	/				
		Suspended solid	42mg/L	/	/				
		Ammonia nitrogen	17.2mg/L	1.6	1.76				
	Waste gas	Particulate matter	4.23mg/Nm ³	29.73	149.373	None	Organized emission + fugitive emission	27 emission outlets: 9 in pulverizing workshop 1, 6	Integrated Emission Standard of Air Pollutants (GB16297-1996)
NMHC		2.46mg/Nm ³	6.55	139.1319					
Benzopyrene[a]		Not detected	0	0.0000122					

Company name	Pollutant type	Name of the major pollutants and specific pollutants	Concentration of the discharge	Total discharge (t/a)	Total discharge approved (t/a)	Excess discharge	Discharge method	Number and distribution of discharge outlets	Pollutant discharge standards implemented
		NOx	24.2mg/Nm ³	18.04	260.2442			in pulverizing workshop 2, 3 in modification workshop, 4 in graphitization workshop 1, 4 in graphitization workshop 2, 1 in carbonization workshop	<i>Emission Standard of Air Pollutants for Industrial Furnaces (GB9078-1996)</i> <i>Standard for Fugitive Emission Control of Volatile Organic Compounds (GB37822-2019)</i>
		Sulfur dioxide	21.33mg/Nm ³	72.73	169.7015				
		Asphalt fume	19.23mg/Nm ³	24.53	81.785				
	Wastewater	Suspended solid	53.5mg/L	/	/	None	Domestic sewage is discharged into the Caopu Wastewater Treatment Plant via the sewage collection pipeline network	3 discharge outlets: located at the east gate, west gate, and south gate, respectively	Discharge Standard of Caopu Wastewater Treatment Plant, Anning Industrial Park
		COD	237mg/L	/	/				
		BOD5	59mg/L	/	/				
		pH	7.4mg/L	/	/				
		Total phosphorus	3.5mg/L	/	/				
	Ammonia nitrogen	22.15mg/L	/	/					

2. Construction and operation of pollution prevention and control facilities

√Applicable Not applicable

During the Reporting Period, the pollution prevention and control facilities of the above subsidiaries were constructed and operated as required: waste gas and waste water generated in the production process were discharged after treatment and meeting the standards; domestic waste was transported and disposed of by the sanitation department, while other general solid waste was entrusted to qualified manufacturers; hazardous waste was stored in special sites and entrusted and transferred to qualified third party for disposal.

3. Evaluation on environmental impact of construction projects and other administrative permissions for environmental protection

√Applicable Not applicable

During the Reporting Period, the above subsidiaries have strictly implemented the national laws of evaluation on environmental impact, and carried out evaluation on environmental impact for relevant construction projects in accordance with the requirements.

4. Environmental emergency plan

√Applicable Not applicable

The above companies have prepared contingency plans for environmental emergencies, taking into account the actual situation, in order to implement the *Emergency Response Law of the People's Republic of China*, *Environmental Protection Law of the People's Republic of China*, *Interim Measures for the Management of Environmental Emergency Response Plans* (《突发环境事件应急预案管理暂行办法》) and other relevant laws and regulations, practice emergency rescue measures and responsibilities, guarantee the personal safety of employees, and reduce property damage and environmental pollution, thus enabling the rapid, effective and orderly implementation of emergency rescue efforts after an accident.

5. Environmental self-monitoring program

√Applicable Not applicable

All the above companies organise self-monitoring and information disclosure for the pollutants discharged in accordance with the relevant regulations, and formulate self-monitoring programs.

6. Administrative penalties for environmental problems during the Reporting Period

√Applicable Not applicable

On 29 April 2024, Inner Mongolia Shanshan New Material Co., Ltd. was subject to an administrative penalty imposed by the Baotou Municipal Ecology and Environment Bureau for commencing operation of the pre-graphitization workshop before the completion of its supporting environmental protection facilities. A fine of RMB750,000 was imposed. As of the end of the Reporting Period, Mongolia Shanshan New Material Co., Ltd. has completed corresponding rectification activities.

7. Other environmental information that should be disclosed

Applicable Not applicable

(II) Explanation of Environmental Protection Efforts of Companies Other Than Highly Polluting Companies

Applicable Not applicable

1. Administrative penalties for environmental problems

Applicable Not applicable

2. Disclosure of other environmental information with reference to key emission units

Applicable Not applicable

The Company and its subsidiaries other than the above-mentioned key emission units are not among the key emission units announced by the environmental protection authorities. All aspects of the R&D, production and sales of the Company's lithium battery materials business and polarizer business follow the relevant national environmental regulations; the Company actively promotes energy conservation and emission reduction and pursue green and low-carbon development by increasing its investment in environmental protection equipment and technical transformation.

3. Reasons for not disclosing other environmental information

Applicable Not applicable

(III) Information That Contributes to the Protection of Ecology, Prevention of Pollution and Fulfillment of Environmental Responsibilities

Applicable Not applicable

The Company upholds the development concept of green and environmental protection, actively fulfills its responsibility for environmental governance, regulates production and operation activities in strict accordance with various laws, policies and social criteria, and insists on the unity of economic profit, social responsibility and environmental protection. During the Period, the Company and its subsidiaries strictly complied with the management requirements of emission permits, improved internal environmental governance, took the initiative to optimise and upgrade environmental protection treatment facilities, prevented pollution at source, vigorously implemented clean production and comprehensive utilisation of waste, and consciously reduced environmental pollution and ecological damage and other behaviours. At the same time, the Company carries environmental awareness and behaviour through the actual production operation process. For example, it actively carried out environmental education and training, and organised the practice of good environmental behaviors, such as garbage sorting and tree planting, so that employees have full knowledge and understanding of environmental protection.

(IV) Measures Taken to Reduce Its Carbon Emissions during the Reporting Period and the Results

Whether to take carbon reduction measures	Yes
Emission reduction of CO2 equivalent (in tons)	1,140,074.35

Type of carbon reduction measures (such as using clean energy to generate electricity, using carbon reduction technologies in the production process, developing and producing new products that help reduce carbon emissions, etc.)	Use of clean energy, energy-saving upgrades of building equipment, R&D of green products, establishment of green manufacturing systems, and development of a green supply chain
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Instructions

Applicable Not applicable

By taking practical actions to fulfill our commitment to energy management, we are committed to easing the environmental and climate impact of greenhouse gas emissions on global warming, promoting the concept of sustainable development, and assuming environmental and social responsibility. During the Reporting Period, the measures taken by the Company to reduce its carbon emissions and their effects are as follows:

1. Use of clean energy

During the Reporting Period, Shanshan Anode's plants actively participated in green power trading and green certificate trading, with an annual trading volume of 1,834,122.56 megawatt hours,, reducing carbon dioxide emissions by approximately 1,138,000 tons, continuously advancing the green and low-carbon transition.

2. Energy-saving upgrades of building equipment

During the Reporting Period, plants of Shanshan Anode and Shanjin Optoelectronics actively implemented energy-saving upgrades for buildings and equipment, promoting energy recycling, reducing consumption of conventional energy, and lowering greenhouse gas emissions. At Shanshan Anode's Qingshan plant, and Shanjin Optoelectronics' Nanjing and Zhangjiagang plants, idle rooftop space was utilized for the installation of rooftop photovoltaic power generation projects to supply electricity to the factories. At Shanshan Anode's Jiuyuan, Qingshan, and Ningbo plants, and Shanjin Optoelectronics' Guangzhou and Zhangjiagang plants, waste heat recovery systems were installed to recycle waste heat generated during production processes, replacing energy sources such as natural gas and steam. These measures reduced carbon dioxide emissions.

3. Green product R&D

Shanjin Optoelectronics remains committed to supporting sustainable low-carbon development through the development of environmentally friendly polarizer products. It has already launched various green and low-carbon products, including low-solvent PSA, solvent-free PSA, and UV adhesives. During the Period, its independently developed "Eco-Friendly Polarizer" achieved a major breakthrough in the field of environmental protection, with a bio-based carbon content as high as 32%, and was awarded the "SGS Green Mark" ENVIRONMENTAL CLAIMS CERTIFICATE.

4. Green office environment

The Company has continuously improved its green operation system and promoted environmentally conscious practices across all staff through various initiatives. These include double-sided printing, eliminating physical sign-in sheets, using conference systems for remote meetings, encouraging the use of personal cups in meeting rooms, reducing the use of paper cups and bottled water, and limiting air conditioning temperature settings. These measures aim to foster a culture of conservation and reduce waste

in electricity, water, and office supplies. In addition, the Company organized relevant training sessions, both group-based and self-study, and launched initiatives for rational improvement proposals. It also facilitated exchanges between technical experts and employees to embed green concepts in every aspect of daily operations.

5. Green manufacturing system

The Company has actively advanced the development of its green manufacturing system, accelerating the construction of new production bases that are resource-efficient and environmentally friendly. As of the date of this Report, the Company has a total of five certified green factories: Shanjin Optoelectronics' Nanjing plant has been recognized as a "National-Level" Green Factory; Shanjin Optoelectronics' Guangzhou plant has been recognized as both a "National-Level" and "Provincial-Level" Green Factory; Shanshan Anode's Chenzhou plant has been rated as a "Provincial-Level" Green Factory; Shanshan Anode's Sichuan plant has been rated as a "Municipal-Level" Green Factory and Zero-Waste Enterprise; Shanshan Anode's Ningbo plant has been rated as a "Municipal-Level" Green Factory and a Quiet Factory. In addition, Shanshan Anode's Qingshan plant was selected as a "Baotou Municipal-Level Green Manufacturing Demonstration Unit"; Shanshan Anode's Ningbo plant voluntarily conducted a cleaner production audit in accordance with relevant requirements and completed a *Cleaner Production Audit Report*.

6. Green supply chain development

The Company has established a collaborative supply chain mechanism, working hand in hand with upstream and downstream partners to carry out carbon footprint initiatives. It has placed emphasis on optimizing raw material quality and reducing consumption, thereby developing a green supply chain system that covers procurement, production, transportation, and other stages. By mobilizing the strength of the entire industry, the Company jointly discusses and develops energy-saving and carbon-reduction initiatives, and actively explores the use of carbon offsets to achieve its strategic goal of "carbon neutrality."

In the future, the Company will enhance its engagement in the field of energy conservation, emission reduction and climate change. While controlling and reducing our own carbon emissions, we will effectively drive the value chain to reduce carbon emissions, contributing "Shanshan power" to the industry and the society.

II. Social Responsibility Commitments

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

Applicable Not applicable

For details, please refer to the *Environmental, Social and Governance (ESG) Report of Ningbo Shanshan Co., Ltd. for 2024* disclosed on the website of the SSE.

(II) Social Responsibility Commitments

Applicable Not applicable

External donations and public welfare projects	Quantity/content	
Total investment (RMB0'000)	100.00	
Including: Capital (RMB0'000)	100.00	
Material discount (RMB0'000)	/	
Number of people benefited (person)	/	

Instructions

Applicable Not applicable

As a socially responsible enterprise, the Company remains fully committed to its corporate social responsibilities and strives to give back to society through various means. It actively engages in charitable and public welfare initiatives, demonstrates corporate care, supports the national rural revitalization strategy, and contributes to building a better society.

During the Reporting Period, the Company and its subsidiaries carried out a series of social welfare activities in various forms, mobilizing corporate volunteers to participate enthusiastically. These efforts not only strengthened internal cohesion among employees but also enhanced their sense of social responsibility. Among them, the Company donated RMB1 million to the Ningbo Yinzhou District Charity Federation to establish a dedicated charitable fund for the purpose of supporting charitable activities and projects. In addition, the Company fulfilled its commitment to social responsibility through a range of initiatives such as assisting underprivileged groups, organizing blood donation drives, and visiting and caring for the elderly – demonstrating the Company's image as a socially responsible corporate citizen.

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

Applicable Not applicable

Poverty alleviation and rural revitalization projects	Quantity/content
Total investment (RMB0'000)	10.40
Including: Capital (RMB0'000)	10.40
Material discount (RMB0'000)	/
Number of people benefited (person)	/
Forms of assistance (e.g. poverty alleviation by developing industries, poverty alleviation through increasing employment, poverty alleviation through education, etc.)	Poverty alleviation by developing industries, poverty alleviation through education, and joint outreach activities

Instructions

Applicable Not applicable

Leveraging its resources and capabilities, the Company actively participated in rural revitalization initiatives through industrial poverty alleviation, educational poverty alleviation, joint outreach activities, and other efforts. During the Reporting Period, the Company and its subsidiaries invested a total of RMB104,000 in such efforts. Among these initiatives, Fujian Shanshan, a subsidiary of the Company, actively took part in the "Adopt an Acre of Farmland, Be a Farmer for a Day" campaign organized in Dajia Town, Gutian County, Ningde City, Fujian Province, in response to and in implementation of the national rural revitalization strategy aimed at supporting and benefiting farmers and promoting agricultural development. Sichuan Shanshan focused on supporting disadvantaged groups and underprivileged individuals by organizing outreach visits to local residents in need, elderly Party members, and retired officials, and contributed to students' education through charitable donations. In addition, 18 Party members from the Ningbo Shanshan Party Branch took turns on a quarterly basis to visit and provide assistance to paired low-income farming households in Shenxi Village, Haishu District, Ningbo, offering daily necessities and companionship, helping meet basic living needs while showing warmth and care – reflecting the Company's strong commitment to corporate social responsibility.

Section VI Important Matters

I. Performance of Commitments

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

√Applicable □Not applicable

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

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

Background	Type	Party(ies)	Details	Effective time	Whether the commitments have a performance deadline	Validity period	Whether the commitments have been strictly performed in a timely manner
	Others	Shanshan Group, Pengze Trading, Yinzhou Jielun	Commitments on the source of funds for subscribing to this non-public offering of A-shares of NBSS	25 June 2021	No	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 26 June 2021.	Yes
	Others	NBSS	Commitments that no new capital investment will be made in finance-like business. For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 6 August 2021.	25 June 2021	Yes	For a period from the date of making the commitments to the completion of the use of the proceeds or within 36 months since the availability of the proceeds.	Yes

Background	Type	Party(ies)	Details	Effective time	Whether the commitments have a performance deadline	Validity period	Whether the commitments have been strictly performed in a timely manner
	Others	Directors, senior management, controlling shareholders and de facto controllers of NBSS	Commitments on taking mitigation and remediation measures for the immediate return dilution resulting from this non-public offering of shares.	9 June 2020, 26 April 2021	No	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 10 June 2020 and 27 April 2021.	Yes
	Others	NBSS	The Company does not provide financial assistance or compensation to investors participating in the subscription, either directly or through interested parties.	9 June 2020	No	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 10 June 2020.	Yes

Background	Type	Party(ies)	Details	Effective time	Whether the commitments have a performance deadline	Validity period	Whether the commitments have been strictly performed in a timely manner
	Shares subject to trading restrictions	Shanshan Group, Pengze Trading, Yinzhou Jielun	The shares subscribed for by the target subscribers in this non-public issue shall not be transferred within 36 months from the closing date of this issuance, and the shares of the Company increased after the closing of this issuance as a result of bonus issue and the conversion of capital reserve to share capital by the Company shall also comply with the above-mentioned arrangement of lock-up period. The reduction of the shares subscribed by the target subscribers after the expiry of the lock-up period is subject to the relevant regulations of the CSRC, the SSE and other regulatory authorities.	9 June 2020, 26 April 2021, 29 April 2021	Yes	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 10 June 2020, 27 April and 30 April 2021.	Yes
Commitments in relation to equity incentive	Others	NBSS	The Company promises that none of the major shareholders or de facto controllers who hold more than 5% of shares and their spouses, parents and children participate in this incentive plan.	23 February 2022	Yes	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 24 February 2022.	Yes

Background	Type	Party(ies)	Details	Effective time	Whether the commitments have a performance deadline	Validity period	Whether the commitments have been strictly performed in a timely manner
	Others	NBSS	The Company undertakes that it will not provide loans and financial support in any other forms, including providing guarantee for loans, to the incentive recipients with respect to the acquisition of the relevant equity under this incentive scheme.	23 February 2022	Yes	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 24 February 2022.	Yes
Other commitments	Addressing horizontal competition	NBSS	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 4 February 2020.	1 February 2020	No	Until both of Shaanxi Maoye Industry and Trade Co., Ltd. (陕西茂叶工贸有限公司) and Ningbo Liankangcai Brand Management Co., Ltd. (宁波联康财品牌管理有限公司) cease to be shareholders of Shanshan brand companies.	Yes

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

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

Met" Not Met" Not applicable

(III) Fulfillment of Undertakings and Its Impact on Goodwill Impairment Test

Applicable Not applicable

II.Appropriation of Funds by the Controlling Shareholders and Other Related Parties for Non-Operating Purpose during the Reporting Period

Applicable Not applicable

Unit: 0'000 Currency: RMB

Name of shareholder or related party	Connections	Time of appropriation	Reason	Opening balance	Additional amount appropriated during the Reporting Period	Total amount repaid during the Reporting Period	Closing balance	Balance as at disclosure date of annual report	Expected repayment method	Expected repayment amount	Expected repayment time
Shanshan Holdings Co., Ltd.	Indirect controlling shareholder	2003-2024	Subsidiaries of the Company indirectly pay funds to Shanshan Holdings or designated parties of Shanshan Holdings by prepaying supplier's goods or project funds	10,163.79	15,170.43	25,334.22	0.00	0.00	The principal has been paid in cash	Not applicable	Not applicable
Total	/	/	/	10,163.79	15,170.43	25,334.22	0.00	0.00	/		/
Total value at the end of the period as a percentage of the latest audited net assets						0					
Decision procedures for appropriation of funds by the controlling shareholders and other related parties for non-operating purpose						Not applicable					
Reasons for the increase in funds appropriated by controlling shareholders and						For details, please refer to the <i>Special Audit Explanation of Pan-China Certified</i>					

other related parties for non-operating purposes during the period, investigation of responsible persons and measures proposed by the Board of Directors	<i>Public Accountants LLP on the Occupation and Settlement of Non-operating Funds by the Controlling Shareholder of Ningbo Shanshan Co., Ltd. and Other Related Parties (Pan-China Audit[2025] No. 8526)</i> disclosed by the Company on the Shanghai Stock Exchange website on April 26, 2025
Reasons for failure to repay the funds appropriated for non-operating purposes as planned, responsibility investigation and measures proposed by the Board of Directors	Not applicable
CPA's special audit opinion on funds appropriation (if any)	For details, please refer to the <i>Special Audit Explanation of Pan-China Certified Public Accountants LLP on Non-operating Funds Occupation and Other Related Fund Transactions of Ningbo Shanshan Co., Ltd. (Pan-China Audit [2025] No. 8525)</i> and <i>Special Audit Explanation of Pan-China Certified Public Accountants LLP on the Occupation and Settlement of Non-operating Funds by the Controlling Shareholder of Ningbo Shanshan Co., Ltd. and Other Related Parties (Pan-China Audit [2025] No. 8526)</i> disclosed by the Company on the Shanghai Stock Exchange website on April 26, 2025
Reasons for the inconsistency between the non-operational appropriation of funds by controlling shareholders and other related parties disclosed in the annual report and the special audit opinion (if any)	Not applicable

Note: In 2023, Shanshan Holdings Co., Ltd. has accumulated a total of RMB 808 million in borrowed funds, with an outstanding balance of RMB 80 million as of the beginning of current period. According to the bank's loan interest rate for the same period, including the interest of RMB 830 million occupied during the 2022 fiscal year, a total of RMB 216.379 million of interest income was recognized, resulting in an initial balance of RMB 101.6379 million. In 2024, Shanshan Holdings Co., Ltd. borrowed RMB 150 million and settled RMB 1.7043 million in interest based on the bank's loan interest rate for the same period. Therefore, the total newly occupied amount for this period was RMB 151.7043 million. As of April 1, 2024, all principal and interest have been repaid.

III. Illegal Guarantee

Applicable Not applicable

IV. Explanation of the Board on the “Modified Audit Report” from Auditors

Applicable Not applicable

V.The Company’s Analysis of and Explanation on Accounting Policies, Changes in Accounting Estimates or Reasons and Impacts of Rectification on Significant Accounting Errors

(I) The Company’s Analysis of and Explanation on Accounting Policies as Well as Reasons and Impacts of Changes in Accounting Estimates

Applicable Not applicable

For details, please refer to Note “III. (XXXIV) Changes in significant accounting policies” to financial statements.

(II) The Company’s Analysis of and Explanation on Reasons and Impacts of Rectification on Significant Accounting Errors

Applicable Not applicable

(III) Communication with Former Accountants

Applicable Not applicable

(IV) Approval Procedures and Other Explanations

Applicable Not applicable

VI.Appointment and Removal of Accountants

Unit: 0’000 Currency: RMB

	Former	Current
Name of the domestic auditor	BDO China Shu Lun Pan Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
Remuneration of the domestic auditor	300	300
Duration of audit of the domestic auditor	22	1
Names of certified public accountants of the domestic auditor	/	Lu Yaping, Wang Run
Cumulative years of audit services of certified public accountants of the domestic auditor	/	Lu Yaping (1), Wang Run (1)

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

Explanation on appointment and removal of accountants

Applicable Not applicable

Taking into full consideration the Company’s business development needs, and in order to ensure the independence and objectivity of the audit work as well as to facilitate the smooth conduct of the Company’s annual audit, the Company has, upon approval at the 17th meeting of the 11th Board of Directors and the First Extraordinary General Meeting for 2025, appointed Pan-China as the accounting and internal control auditor for the year 2024. The Company has conducted prior communication with the former accountant, BDO, regarding this change, and BDO has expressed no objection to the change.

Explanation on change of accountant during the audit period

Applicable Not applicable

The former accountant, BDO, had conducted certain preliminary audit work. Upon mutual agreement between both parties, the Company has decided not to retain BDO as the auditor for the year 2024.

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

Applicable Not applicable

VII.Exposure to Delisting Risk

(I)Reasons for Delisting Risk Warning

Applicable Not applicable

(II)Measures to Be Taken by the Company

Applicable Not applicable

(III)Termination of Listing and Reasons Thereof

Applicable Not applicable

VIII. Matters Relating to Bankruptcy and Restructuring

Applicable Not applicable

IX. Material Litigation and Arbitration

"The Company was involved in any material litigation or arbitration during the year"

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

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

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

Applicable Not applicable

1. Due to matters concerning non-operational appropriation of funds by the controlling shareholder and the failure to disclose related transactions in a timely manner, the Company and relevant personnel received the *Decision on Administrative Regulatory Measures* ([2024] No. 31) issued by the CSRC Ningbo Branch in June 2024. The CSRC Ningbo Branch decided to take administrative regulatory measures by issuing warning letters to the Company and the relevant personnel. In November 2024, the Company also received the *Decision on Disciplinary Action* ([2024] No. 206) issued by the SSE, whereby the SSE decided to publicly censure the Company's controlling shareholder, Shanshan Holding, and issue a public criticism of the Company and relevant personnel.

Upon receipt of the above Decision on Administrative Regulatory Measures and Decision on Disciplinary Action, the Company and relevant personnel attached great importance to the issues, conducted a thorough review and analysis, and formulated practical and feasible rectification measures. During the Period, the relevant rectification measures have been completed, and subsequent standardization will be continuously maintained.

2. In October 2024, due to suspected failure of the acquirer to fulfill its obligations in accordance with the relevant regulations, the Company's indirect controlling shareholder, Shanshan Holding, received the *Decision on Administrative Penalty* ([2024] No. 3) issued by the CSRC Ningbo Branch. The CSRC Ningbo Branch ordered Shanshan Holdings to make corrections, issued a warning, and imposed a fine of RMB5 million.

The above administrative penalty pertains to matters involving Shanshan Holdings and Jinzhou Yongshan Lithium Industry Co., Ltd. and will not affect the Company's normal production and operation activities.

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

Applicable Not applicable

During the Reporting Period, the Company maintains a good record of integrity. There are no circumstances in which the Company has failed to fulfill obligations determined by legally effective court rulings, or has failed to repay significant overdue debts. The controlling shareholder, Shanshan Group, has experienced certain delays in the payment of loan interest and commercial papers. For details, please refer to the relevant announcements published by Shanshan Group on the website of the SSE. Shanshan Group, Shanshan Holding, Pengze Trading, and Yinzhou Jielun have been listed by relevant courts as judgment debtors and are subject to high-consumption restrictions imposed by relevant courts due to litigation matters.

Subsequently, the Yinzhou Court has ruled that Shanshan Group and its wholly owned subsidiary Pengze Trading shall undergo substantive consolidated restructuring. For details, please refer to “(III) Other Description on Controlling Shareholder and De Facto Controller under sub-section IV of Section VII.”

XII.Major Related Party Transactions

(I) Related Party Transactions Related to Daily Operations

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

Applicable Not applicable

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

Applicable Not applicable

(1) Deposit in related bank

On 24 April 2024, the 8th Meeting of the 11th Board of Directors of the Company considered and approved the *Proposal on the Estimated Amount of Daily Related Transactions of the Company for 2024*. (For details, please refer to the relevant announcements of the Company released on 26 April 2024)

The Company's maximum deposit balance with Chouzhou Bank was RMB81.718 million and interest income was RMB301,100.

(2) Guarantee provided to related parties

On 16 May 2024, the Company's Annual General Meeting for 2023 considered and approved the *Proposal on the Provision of Related-party Guarantees by the Company for 2024*. (For details, please refer to the relevant announcements of the Company released on 17 May 2024)

As of the end of the Reporting Period, the related-party guarantees provided by the Company for Ningbo Ulica SOLAR Co., Ltd. had been fully settled.

3. Matters undisclosed in extraordinary announcements

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

3. Matters undisclosed in extraordinary announcements

Applicable Not applicable

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

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

3. Matters undisclosed in extraordinary announcements

Applicable Not applicable

(IV) Amounts Due From/to Related Parties

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

Applicable Not applicable

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

Applicable Not applicable

3. Matters undisclosed in extraordinary announcements

Applicable Not applicable

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

Applicable Not applicable

(VI) Others

Applicable Not applicable

In January 2023, the Company made a prepayment of RMB520 million as an intended property purchase deposit to Ningbo Huafan Network Technology Co., Ltd., a company controlled by Shanshan Holdings. The transaction was later suspended due to uncertainties surrounding the timing of property title certificate issuance. In June 2023, RMB450 million was refunded, leaving a remaining balance of RMB70 million as of year-end 2023. The transaction resumed in early 2024, and on 25 January 2024, the Company made another prepayment of RMB600 million for the property. However, as the Board of Directors determined that the transaction constituted a related-party transaction requiring separate approval and disclosure procedures, the Company requested the counterparty to return the full amount of RMB670 million in prepayments along with applicable interest. As of 1 April 2024, the Company had received full repayment of the RMB670 million prepayment and the corresponding interest, calculated based on the prevailing bank lending rate.

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

XIII. Material Contracts and Their Implementation

(I) Custody, Contracting or Leasing Business

1. Custody

Applicable Not applicable

2. Contracting

Applicable Not applicable

3. Leasing

Applicable Not applicable

(II) Guarantees

√Applicable □Not applicable

Unit: RMB0'000 Currency: RMB

Guarantees in favor of external parties provided by the Company (excluding guarantees provided to subsidiaries)														
Guarantor	Relationship between guarantor and listed company	Secured party	Guarantee amount	Commencement date of guarantee (date of the agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Collateral (if any)	Whether the guarantee has been fulfilled	Guarantee overdue	Overdue amount	Counter guarantee available	Guarantee provided to related parties	Related relationship
/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
Total amount of guarantees incurred during the Reporting Period (excluding the guarantees provided to subsidiaries)										0				
Total balance of guarantee as at the end of the Reporting Period (A) (excluding the guarantees provided for subsidiaries)										0				
Guarantees provided by the Company and its subsidiaries to subsidiaries														
Total guarantee to subsidiaries incurred during the Reporting Period										547,000.19				
Total balance of guarantee provided to subsidiaries as at the end of the Reporting Period (B)										951,125.49				
Total guaranteed amount of the Company (including guarantees provided to subsidiaries)														
Total amount of guarantees (A+B)										951,125.49				
Total guaranteed amount as a percentage of net assets of the Company (%)										44.07				
Of which:														
Amount of guarantees provided to shareholders, de facto controller and their related parties (C)										0				
Amount of debt guarantees directly or indirectly provided to the parties with the gearing ratio exceeding 70% (D)										66,737.94				
Total amount of guarantees exceeding 50% of net assets (E)										0				
Total amount of the above three types of guarantees (C+D+E)										66,737.94				
Explanations on outstanding guarantee which may assume joint and several liabilities for repayment										None				

Explanations on guarantees	The statistics on "Guarantees by the Company and its subsidiaries to subsidiaries" include mutual guarantees within the scope of consolidation.
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(III) Cash Asset Management Entrusted to Others

1. Entrusted wealth management

(1) Entrusted wealth management in general

Applicable Not applicable

(2) Single entrusted wealth management

Applicable Not applicable

(3) Impairment provision for entrusted wealth management

Applicable Not applicable

2. Entrusted loan

(1) Entrusted loan in general

Applicable Not applicable

(2) Single entrusted loan

Applicable Not applicable

(3) Impairment provision for entrusted loan

Applicable Not applicable

3. Others

Applicable Not applicable

(IV) Other Major Contracts

Applicable Not applicable

XIV. Use of Proceeds Raised

Applicable Not applicable

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

Applicable Not applicable

Section VII Changes in Shares and Particulars of Shareholders

I.Changes in Share Capital

(I) Changes in Shares

1. Changes in shares

Unit: share

	Before this change		Increase or decrease of this change (+, -)					After this change	
	Quantity	Percentage (%)	Issue of new shares	Share dividend	Capitalization of capital reserve into share capital	Others	Subtotal	Quantity	Percentage (%)
I. Shares subject to trading restrictions	500,986,731	22.18				-	-	496,159,676	22.02
1. State-owned shares									
2. Shares held by state-owned legal persons									
3. Shares held by other domestic investors	499,868,481	22.14				-	-	495,414,176	21.99
Including: Shares held by domestic non-state-owned legal persons	488,402,766	21.63						488,402,766	21.67
Shares held by domestic natural persons	11,465,715	0.51				-	-	7,011,410	0.31
4. Shares held by overseas investors	1,118,250	0.05				-372,750	-372,750	745,500	0.03
Including: Shares held by overseas legal persons									
Shares held by overseas natural persons	1,118,250	0.05				-372,750	-372,750	745,500	0.03
II. Tradable shares not subject to trading restrictions	1,757,236,492	77.82						1,757,236,492	77.98
1. RMB-denominated ordinary shares	1,757,236,492	77.82						1,757,236,492	77.98
2. Domestic-listed foreign shares									

3. Overseas-listed foreign shares									
4. Others									
III. Total number of shares	2,258,223,223	100.00				4,827,055	4,827,055	2,253,396,168	100.00

2. Explanations on changes in shares

Applicable Not applicable

On 27 June 2024 and 29 October 2024, the Company implemented and completed the procedures for the repurchase and cancellation of certain restricted shares under the 2022 Equity Incentive Plan, respectively, and a total of 4,827,055 restricted shares were cancelled.

3. Impact of share changes on financial indicators such as earnings per share and net assets per share in the most recent year and period

Applicable Not applicable

During the Reporting Period, the Company repurchased and canceled 4,827,055 restricted shares under the equity incentive plan, and the total share capital of the Company changed to 2,253,396,168 shares. In addition, the Company held 47,735,691 and 101,219,494 shares of the Company's unlimited outstanding shares at the beginning and end of the Period, respectively in its special securities account for repurchases. The above changes in share capital resulted in changes in the basic earnings per share and net assets per share of the Company for the year 2024, the effect is set out in the table below:

Item	Based on new share capital (excluding the closing balance of the special securities account for repurchases)	Based on old share capital (excluding the opening balance of the special securities account for repurchases)
Basic earnings per share (RMB/share)	-0.164	-0.166
Diluted earnings per share (RMB/share)	-0.164	-0.166
Net assets per share attributable to shareholders of the listed company (RMB/share)	9.621	9.763

4. Other disclosures the Company deems necessary or required by securities regulators

Applicable Not applicable

(II) Changes in Restricted Shares

Applicable Not applicable

Unit: share

Name of shareholder	Number of shares subject to trading moratorium at the beginning of the year	Number of shares released from trading moratorium during the year	Increase in the number of shares subject to trading moratorium during the year	Number of shares subject to trading moratorium at the end of the year	Reasons for trading moratorium	Date of release from trading moratorium
Shanshan	205,264,756	0	0	205,264,756	Lock-up period	Subject to the

Group					for non-public issuance of shares	relevant announcement to be issued by the Company at that time.
Pengze Trading	205,264,756	0	0	205,264,756	Lock-up period for non-public issuance of shares	
Yinzhou Jielun	77,873,254	0	0	77,873,254	Lock-up period for non-public issuance of shares	
Li Fengfeng	337,500	0	-112,500	225,000	Lock-up period for restricted incentive shares	Release of lock-up in accordance with the relevant provisions of the Company's 2022 Equity Incentive Plan or repurchase for cancellation, subject to the relevant announcement to be made by the Company at that time.
Zhu Zhiyong	220,500	0	-73,500	147,000	Lock-up period for restricted incentive shares	
Other equity incentive recipients	12,025,965	0	-4,641,055	7,384,910	Lock-up period for restricted incentive shares	
Total	500,986,731	0	-4,827,055	496,159,676	/	/

II. Issuance and Listing of Securities

(I) Particulars about Issuances of Securities during the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

During the Period, the total number of shares of the Company decreased from 2,258,223,223 shares at the beginning of the period to 2,253,396,168 shares at the end of the period as a result of the repurchase and cancellation of certain restricted shares under the Equity Incentive Plan. There were corresponding changes in the accounts related to assets and owners' equity of the Company, and there was no impact on the accounts of liabilities.

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

Applicable Not applicable

III.Shareholders and De Facto Controllers

(I) Total Number of Shareholders

Total number of ordinary shareholders as of the end of the Reporting Period (shareholder)	151,568
Number of shareholders of ordinary shares as at the end of the month immediately preceding the publication date of the annual report (shareholder)	181,212

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

Unit: share

Shareholding of the top ten shareholders (excluding the shares lent through refinancing)							
Name of shareholder (full name)	Changes during the Reporting Period	Number of shares held as at the end of the Reporting Period	Proportion (%)	Number of shares held subject to trading moratorium	Shares pledged, marked or frozen		Nature of shareholders
					Status of shares	Quantity	
Shanshan Group Co., Ltd.	0	782,222,036	34.71	205,264,756	Pledged	716,992,036	Domestic non-state-owned legal person
					Marked	287,012,036	
					Frozen	370,540,078	
Ningbo Pengze Trading Co., Ltd.	0	205,264,756	9.11	205,264,756	Pledged	205,264,756	Domestic non-state-owned legal person
					Marked	53,544,756	
Ningbo Yinzhou Jielun Investment Co., Ltd.	0	77,873,254	3.46	77,873,254	Pledged	29,580,000	Domestic non-state-owned legal person
					Frozen	48,293,254	
Shanshan Holdings Co., Ltd.	0	72,212,189	3.20	0	Pledged	29,430,541	Domestic non-state-owned legal person
					Marked	29,430,541	
					Frozen	42,781,648	
Bailian Group Co., Ltd. (百联集团有限公司)	0	30,743,625	1.36	0	None		State-owned legal person
Hong Kong Securities Clearing Company Limited	-8,444,796	29,430,533	1.31	0	None		Overseas legal person
Tianan Property Insurance Co., Ltd. - Bao Ying No.1	-28,495,897	25,954,201	1.15	0	None		Domestic non-state-owned legal person

Agricultural Bank of China Limited – CSI 500 Open-Ended Index Securities Investment Fund	10,142,138	16,209,366	0.72	0	None	Others
Monetary Authority of Macao – Own Funds	Unknown	5,175,900	0.23	0	None	Overseas legal person
Zhuang Wei	0	4,858,500	0.22	0	None	Domestic natural person
Li Zhihua	0	4,858,500	0.22	0	None	Domestic natural person

Shareholding conditions of the top ten shareholders not subject to selling restrictions (excluding the shares lent through refinancing)

Name of shareholder	Number of tradable shares not subject to trading moratorium	Type and number of shares	
		Category	Quantity
Shanshan Group Co., Ltd.	576,957,280	RMB-denominated ordinary shares	576,957,280
Shanshan Holdings Co., Ltd.	72,212,189	RMB-denominated ordinary shares	72,212,189
Bailian Group Co., Ltd. (百联集团有限公司)	30,743,625	RMB-denominated ordinary shares	30,743,625
Hong Kong Securities Clearing Company Limited	29,430,533	RMB-denominated ordinary shares	29,430,533
Tianan Property Insurance Co., Ltd. – Bao Ying No.1	25,954,201	RMB-denominated ordinary shares	25,954,201
Agricultural Bank of China Limited – CSI 500 Open-Ended Index Securities Investment Fund	16,209,366	RMB-denominated ordinary shares	16,209,366
Monetary Authority of Macao – Own Funds	5,175,900	RMB-denominated ordinary shares	5,175,900
Zhuang Wei	4,858,500	RMB-denominated ordinary shares	4,858,500
Li Zhihua	4,858,500	RMB-denominated ordinary shares	4,858,500
Ordos Donghengwang Trading Co., Ltd.	4,726,396	RMB-denominated ordinary shares	4,726,396

Explanations on the special account for repurchase among the top ten shareholders	The top 10 shareholders have “securities account for share repurchase of Ningbo Shanshan Co., Ltd.”, holding 101,219,494 tradable shares not subject to trading restrictions.
Explanation on the above-mentioned shareholders' proxy voting rights, entrusted voting rights, and waiver of voting rights	N/A
Note on connected relationship or acting in concert of the above shareholders	Shanshan Holdings is the controlling shareholder of Shanshan Group, Pengze Trading is a wholly-owned subsidiary of Shanshan Group, and Yinzhou Jielun is a wholly-owned subsidiary of Shanshan Holdings. Mr. Li Zhihua serves as a director and the general manager of the Company and is currently a director of Shanshan Holding. His shareholding originates from shares acquired through the exercise of stock options under the Company's equity incentive plan and additional purchases made on the secondary market. In addition, the Company is not aware of any related relationships or its persons acting in concert among other shareholders.
Preferred shareholders with their voting rights restored and the number of shares they hold	N/A

Note:

1. As of the end of the Reporting Period, Shanshan Group Co., Ltd. held 782,222,036 shares of the Company, and pledged 716,992,036 shares in total. Both the shares held and the shares pledged include a total of 429.98 million shares transferred to the pledge special account by Shanshan Group Co., Ltd. due to the non-public offering of exchangeable corporate bonds. In addition to the number of pledged, marked, and frozen shares listed in the table, the shares held by Shanshan Group Co., Ltd. at the end of the Period were also subject to judicial freeze in a queued manner, totaling 1,328,477,954 shares.

2. In addition to the number of pledged, marked, and frozen shares listed in the table, the shares held by Shanshan Holdings Co., Ltd. at the end of the Period were also subject to judicial freeze in a queued manner, totaling 401,664,220 shares.

3. As of the end of the Reporting Period, the Company's special securities account for share repurchase held 101,219,494 shares of the Company, accounting for 4.49% of the Company's total share capital. These shares are not included in the aforementioned shareholder holding information.

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

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

Applicable Not applicable

Unit: share

Lending of shares through refinancing by shareholders holding 5% or more, top ten shareholders, and top ten holders of shares not subject to sales restrictions								
Name of shareholder (full name)	Shareholdings in general and credit accounts at the beginning of the period		Shares lent through refinancing and unreturned at the beginning of the period		Shareholdings in general and credit accounts at the end of the period		Shares lent through refinancing and unreturned at the end of the period	
	Total	Proportion (%)	Total	Proportion (%)	Total	Proportion (%)	Total	Proportion (%)
Agricultural Bank of China Limited – CSI 500 Open-Ended Index Securities	6,067,228	0.27	1,825,200	0.08	16,209,366	0.72	0	0.00

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

Applicable Not applicable

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

Applicable Not applicable

Unit: share

No.	Name of shareholders subject to trading restrictions	Number of shares held subject to trading restrictions	Listing and trading of shares subject to trading restrictions		Trading restriction conditions
			Date eligible for listing and trading	Number of shares newly eligible for listing and trading	
1	Shanshan Group Co., Ltd.	205,264,756			Not transferable within 36 months commencing from the listing date. The specific time for lifting sales restrictions shall be subject to the relevant announcements of the Company at that time.
1	Ningbo Pengze Trading Co., Ltd.	205,264,756			
3	Ningbo Yinzhou Jielun Investment Co., Ltd.	77,873,254			
4	Li Fengfeng	225,000			These are restricted shares subject to the third and fourth lock-up periods initially granted under the Company's 2022 Equity Incentive Plan, which will be released from restriction or repurchased for cancellation in accordance with the relevant provisions of the Company's 2022 Equity Incentive Plan, subject to the relevant announcements of the Company at that time.
5	Ding Xiaoyang	180,000			
6	Zhu Zhiyong	147,000			
7	Geng Hailong	135,000			
7	Jiang Ninglin	135,000			
9	Zhang Hua	120,000			
9	Li Peng	120,000			

Note on connected relationship or acting in concert of the above shareholders	<p>Pengze Trading is a wholly-owned subsidiary of Shanshan Group, and Yinzhou Jielun is a wholly-owned subsidiary of Shanshan Holdings (the controlling shareholder of Shanshan Group).</p> <p>Ms. Li Fengfeng is a director and deputy general manager of the Company, the person in charge of the Company's anode material business, and the chairwoman of Shanghai Shanshan Lithium Battery Material Technology Co., Ltd. (a subsidiary of the Company) and its subsidiaries.</p> <p>Mr. Zhu Zhiyong is the director and deputy general manager of the Company, the head of the Company's polarizer business, and the director and general manager of Shanjin Optoelectronics (Suzhou) Co., Ltd., the Company's subsidiary.</p> <p>The other natural person shareholders are the main management and core technical personnel of the Company's subsidiaries.</p>
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(III) Strategic Investors or General Legal Persons Who Become the Top Ten Shareholders due to the Placement of New Shares

Applicable Not applicable

IV. Controlling Shareholder and De Facto Controllers

(I) Controlling Shareholder

1. Legal person

Applicable Not applicable

Name	Shanshan Holdings Co., Ltd.
Responsible person or legal representative	Zhou Ting
Date of incorporation	30 August 2004
Principal business	Industrial investment, investment management, research and development and sales of clothing, knitgoods, clothing fabrics, and related high-tech materials, precious metals, building materials, chemical products (except dangerous chemicals, monitoring chemicals, civil explosive, precursor chemicals), stationery, machinery, equipment and accessories, daily necessities, fuel oil, lubricants, auto parts, wood, plastic raw materials and products, packaging materials, sales of pulp, paper, paper products and metal materials, import and export of goods and technology, business information consulting. (For items subject to approval according to laws, operation activities may not be commenced until the approval has been obtained from the relevant authorities)
Shareholdings in other domestic and overseas listed companies during the Reporting Period	Previously controlled domestic listed companies: Jinzhou Yongshan Lithium Industry Co., Ltd. (603399); domestic listed company with equity participation: Polaris Bay Group Co., Ltd. (600155), STO Express (002468)
Explanation on other matters	None

Name	Shanshan Group Co., Ltd.
Responsible person or legal representative	Zhou Min
Date of incorporation	28 June 1994
Principal business	General items: clothing manufacturing; apparel wholesale; apparel retail; shoes and hats wholesale; shoes and hats retail; hardware product wholesale; hardware product retail; wholesale of sporting goods and equipment; retail of sporting goods and equipment; stationery product

	wholesale; stationery product retail; daily necessities wholesale; daily necessities sales; cosmetics wholesale; cosmetics retail; auto parts wholesale; sales of leather products; sales of clothing accessories; sales of sewing machines; sales of gold and silver products; sales of metal chains and other metal products; sales of metal materials; sales of electrical machinery and equipment; sales of machinery and equipment; sales of construction materials; sales of building and ornament materials; sales of daily necessities; sales of wood; sales of paper products; sales of daily glass products; sales of rubber products; sales of plastic products; sales of packaging materials and products; sales of animal husbandry and fishery feed; sales of coal and products; sales of petroleum products (not including dangerous chemicals); sales of lubricants; sales of solar thermal utilization equipment; sales of solar thermal power generation equipment; sales of original motive new energy equipment; solar power generation technology services; technology research and development of new materials; non-residential real estate leasing; housing leasing; property management; business management consulting; certification consulting; financial consulting; social and economic consulting services; consulting services of corporate credit management; information technology consulting services; consulting planning services; information consulting services (excluding licensing information consulting services); marketing planning; corporate image planning (freely operated by the enterprise legally based on the business license except for items requiring approval according to the law). Licensed items: food business; food business (sale of bulk food); food business (sale of prepackaged food); import and export agency; import and export of goods; import and export of technology (approvals from competent authorities shall be obtained for the operation of the activities requiring approval in accordance with the laws. The specific items shall be subject to the approval).
Shareholdings in other domestic and overseas listed companies during the Reporting Period	The investments in overseas listed company: Huishang Bank (03698.HK)
Explanation on other matters	None

2. Natural person

Applicable Not applicable

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

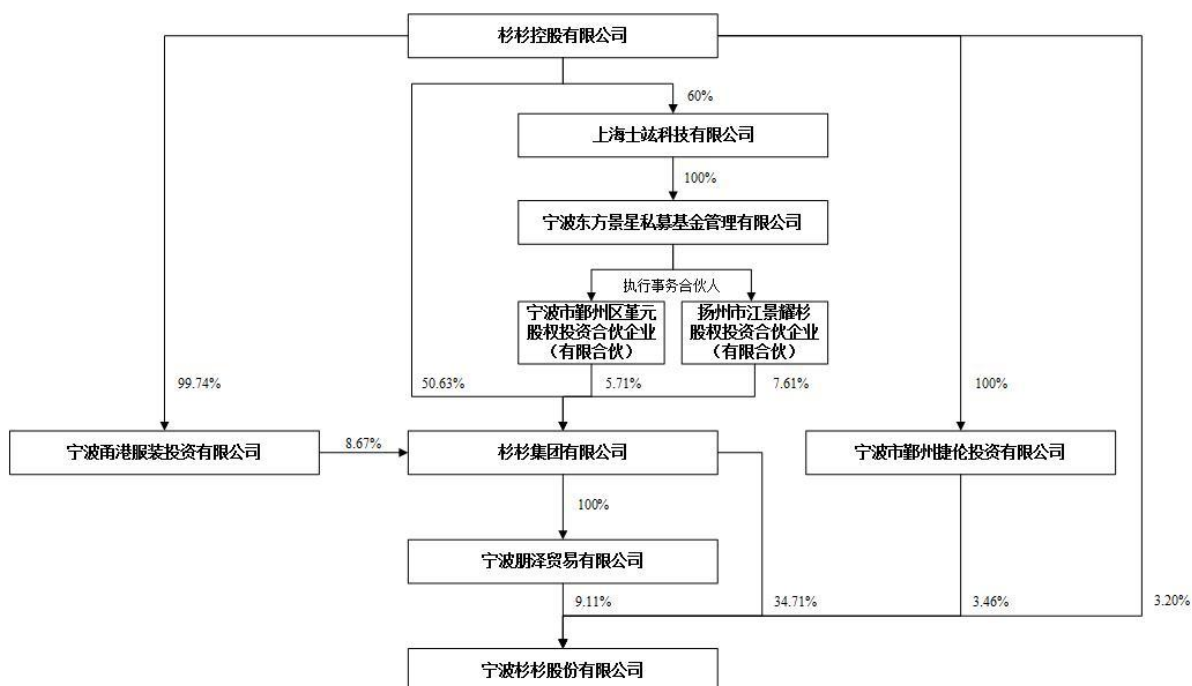
Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable



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

Note: The above chart reflects the shareholding status as of 31 December 2024.

(II) De Facto Controller

1. Legal person

Applicable Not applicable

2. Natural person

Applicable Not applicable

Name	Zheng Yonggang
Nationality	China
Whether to obtain the right of abode in other countries or regions	No

Major occupations and positions	Former chairman of NBSS, the chairman of the board of directors of Shanshan Holdings, and the chairman of Shanshan Holdings.
Domestic and foreign listed companies in which it had a controlling interest in the past 10 years	NBSS, China-Kinwa Changchun High Technology Co., Ltd. (renamed as “Nuode Investment Co., Ltd.”), Zhejiang IDC Fluid Control Co., Ltd. (renamed as “STO Express Co., Ltd.”), Shandong Jiangquan Industry Co., Ltd., Jinzhou Jixiang Molybdenum Co., Ltd. (renamed as “Jinzhou Yongshan Lithium Industry Co., Ltd”), Shanshan Brand Management Co., Ltd., and FY Financial (Shenzhen) Co., Ltd.

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

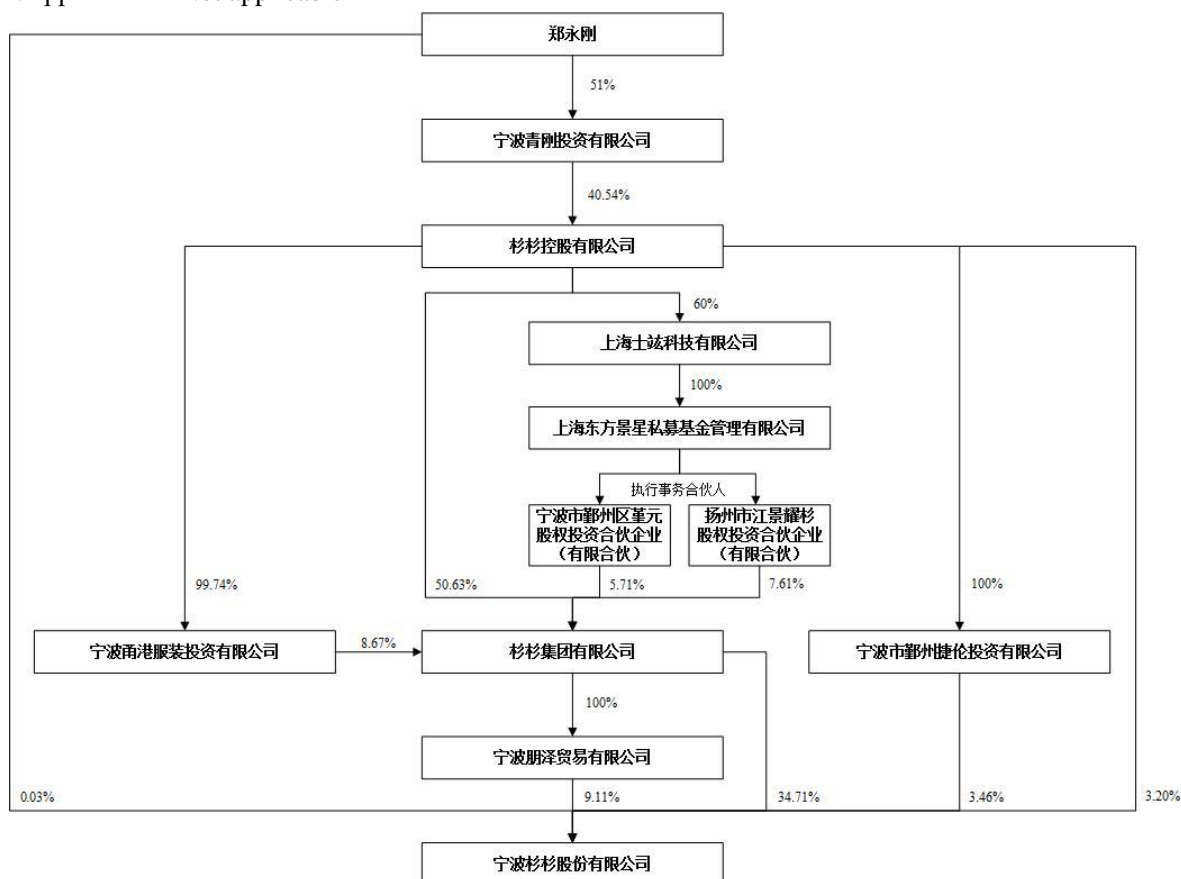
Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable



郑永刚	Zheng Yonggang
宁波青刚投资有限公司	Ningbo Qinggang Investment Co., Ltd.
杉杉控股有限公司	Shanshan Holdings Co., Ltd.
上海士竑科技有限公司	Shanghai Shihong Technology Co., Ltd.
宁波东方景星私募基金管理有限公司	Ningbo Orient Jingxing Private Equity Fund Management Co., Ltd.
执行事务合伙人	Executive partner

宁波市鄞州区堇元股权投资合伙企业(有限合伙)	Ningbo Yinzhou District Jinyuan Equity Investment Partnership (Limited Partnership)
扬州市江景耀杉股权投资合伙企业 (有限合伙)	Yangzhou Jiangjing Yaoshan Equity Investment Partnership Enterprise (Limited Partnership)
宁波甬港服装投资有限公司	Ningbo Yonggang Garment Investment Co., Ltd.
杉杉集团有限公司	Shanshan Group Co., Ltd.
宁波市鄞州捷伦投资有限公司	Ningbo Yinzhou Jielun Investment Co., Ltd.
宁波朋泽贸易有限公司	Ningbo Pengze Trading Co., Ltd.
宁波杉杉股份有限公司	Ningbo Shanshan Co., Ltd.

Note: The above chart reflects the shareholding status as of 31 December 2024.

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

Applicable Not applicable

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

Applicable Not applicable

1. Determination of the de facto controller

On 10 February 2023, Mr. Zheng Yonggang, the former de facto controller of the Company, passed away due to illness. The shares and related interests held by him in the Company are intended to be subject to succession procedures according to relevant laws and regulations. As of the date of this Report, the Company has not received any legally binding written document or notice confirming the Company's new de facto controller. The Company will pay close attention to the subsequent progress and re-identify the de facto controller based on its share inheritance.

2. Reorganisation application against the controlling shareholder

On 21 January 2025, China Construction Bank Corporation Ningbo Branch, Ningbo Yinzhou Rural Commercial Bank Co., Ltd. Ningchuan Sub-branch, and Industrial Bank Co., Ltd. Ningbo Branch submitted an application to the Yinzhou Court for the reorganisation of the Company's controlling shareholder, Shanshan Group Co., Ltd. On 25 February 2025, the Yinzhou Court ruled to accept the above-mentioned applicants' reorganisation application against Shanshan Group and appointed Zhong Lun Law Firm (Shanghai), Zhejiang Yongtai Law Firm, and Zhejiang Zhongxing Certified Public Accountants (Special General Partnership) as the administrators of Shanshan Group. On 20 March 2025, upon application by the administrators of Shanshan Group, the Yinzhou Court ruled to substantively consolidate the reorganisation proceedings of Shanshan Group and Pengze Trading.

For further details, please refer to the Company's announcements published on the website of the SSE on 27 January 2025, and 27 February 2025, and 22 March 2025, namely: *Announcement of NBSS on Material Matters Concerning the Controlling Shareholder* (Lin 2025-007), *Announcement of NBSS on Court Acceptance of the Reorganisation of the Controlling Shareholder* (Lin 2025-020), and *Announcement of NBSS on Court Ruling on Substantive Consolidation and Reorganisation of Controlling*

Shareholder Shanshan Group Co., Ltd. and Its Wholly Owned Subsidiary Ningbo Pengze Trading Co., Ltd. (Lin 2025-022).

There remains uncertainty as to whether Shanshan Group and Pengze Trading will successfully complete the reorganisation. Given that Shanshan Group and Pengze Trading have entered into reorganization proceedings, the subsequent implementation of the reorganization may result in adjustments to their equity interests in the Company, which in turn may lead to a change in the Company's control. The Company will continue to monitor the progress of the above matters and will strictly fulfil its information disclosure obligations in a timely manner in accordance with applicable laws, regulations, and normative documents.

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

Applicable Not applicable

Unit: Yuan Currency: RMB

Name of shareholder	Total amount of pledged share financing	Specific purpose	Repayment deadline	Source of repayment funds	Whether there is any risk of debt default or forced liquidation	Whether the stability of the Company's control is affected
Shanshan Group	5,420,903,151.24	Pledge financing; guarantee for repayment of exchangeable corporate bonds; guarantee provided to third parties	25 June 2026. etc.	Subject to the reorganization plan	Note 1	Note 2
Shanshan Holdings	45,000,000.00	Guarantee for subsidiary's pledge financing	25 June 2024	Outstanding	Note 1	Note 2
	12,000,000.00	Guarantee for subsidiary's pledge financing	21 July 2024	Outstanding	Note 1	Note 2
Pengze Trading	997,902,537.66	Pledge financing; guarantee for repayment of exchangeable corporate bonds; guarantee	25 June 2026, etc.	Subject to the reorganization plan	Note 1	Note 2

		provided to third parties				
Yinzhou Jielun	227,297,612.27	Supplement working capital	9 December 2026	Outstanding	Note 1	Note 2

Note 1: Explanation of passive disposal of shares held by relevant shareholders

(1) Judicial enforcement of part of the shares held by Yinzhou Jielun

On 7 February 2025, the Company's controlling shareholder Shanshan Group, Shanshan Holdings, and their wholly-owned subsidiaries Pengze Trading and Yinzhou Jielun received the *Enforcement Ruling of Qingdao Intermediate People's Court of Shandong Province* ((2025) Lu 02 Zhi No. 343-1). Due to a loan contract dispute between the applicant for enforcement, Shanghai Haiyi Supply Chain Management Co., Ltd., and the respondents Shanshan Group, Shanshan Holdings, Pengze Trading, and Yinzhou Jielun, the civil judgment ((2024) Lu 02 Min Chu No. 1347) rendered by the Qingdao Intermediate People's Court of Shandong Province (hereinafter referred to as the "Qingdao Court") has taken legal effect. Upon application by the enforcement applicant, the Qingdao Court accepted the case for enforcement in accordance with the law and ruled to transfer 48,293,254 Company shares held by Yinzhou Jielun, together with any entitlements (including bonus shares, stock splits, and cash dividends), to the applicant.

According to an inquiry made by Yinzhou Jielun on 10 February 2025 into the *Investor Securities Holding Change Information of China Securities Depository and Clearing Corporation Limited*, the aforementioned judicial transfer was completed on 6 February 2025 through non-trading means. The number of shares involved accounted for 2.14% of the Company's total share capital.

(2) Share conversion of Shanshan Group's exchangeable corporate bonds

On 13 and 14 February 2025, the Company received notices from Shanshan Group stating that, in accordance with the resolution passed at the first bondholders' meeting in 2025 for the privately placed exchangeable corporate bonds (Phase I to Phase IV) issued by Shanshan Group in 2022 to professional investors, bondholders converted a total of 429,979,936 shares at a conversion price of RMB8.67 per share during the period from 13 to 14 February 2025. These shares accounted for 19.08% of the Company's total share capital.

(3) Judicial disposal of part of the shares held in Shanshan Group's margin trading account

The Company received notification from Guotai Junan Securities Co., Ltd. (hereinafter referred to as "Guotai Junan"), the securities firm managing Shanshan Group's margin trading account, that in accordance with the Qingdao Court's assistance request for judicial enforcement, a total of 31,945,400 shares (accounting for 1.42% of the Company's total share capital) held in Shanshan Group's margin trading account were disposed of via centralized bidding and block trading from 24 to 25 February 2025.

Following the judicial disposal, Shanshan Group and its concerted parties held a total of 628,008,912 shares in the Company, representing 27.87% of the Company's total share capital.

(4) Judicial auction of part of the shares held by Yinzhou Jielun

According to publicly available information on the judicial auction platform of Taobao (sf.taobao.com), 29,580,000 Company shares held by Yinzhou Jielun, a subsidiary of Shanshan Holdings, representing 1.31% of the Company's total share capital, were scheduled to be auctioned by the Ningbo Intermediate People's Court of Zhejiang Province during the period from 10:00 on 24 March 2025 to 10:00 on 25 March 2025 (excluding extensions). According to the final auction results shown on the platform, the auction was declared unsuccessful due to no valid bids being submitted.

(For details, please refer to relevant announcements published by the Company on the website of the SSE)

Note 2: Risk alert on the stability of the Company's control

On 25 February 2025, the Yinzhou Court ruled to accept the reorganization application filed by a relevant applicant against the Company’s controlling shareholder, Shanshan Group, and appointed an administrator for the reorganization. On 20 March 2025, the court further ruled to conduct substantive consolidation and reorganization of Shanshan Group and its wholly-owned subsidiary Pengze Trading.

Although the Yinzhou Court has ruled to place Shanshan Group and Pengze Trading into substantive consolidated reorganization proceedings, there remains uncertainty as to whether the reorganization will ultimately succeed. In addition, as Shanshan Group and Pengze Trading enter the reorganization proceedings, the subsequent implementation of the reorganization may result in adjustments to their equity interests in the Company, which may further reduce their shareholdings in the Company and could even lead to a change in the Company’s control.

According to a letter from the administrator of Shanshan Group’s reorganization, since being appointed by the Yinzhou Court on 25 February 2025, the administrator has been lawfully carrying out related work in stages, including reviewing debt obligations, asset status, litigation matters, and the effectiveness of existing agreements. If any circumstances arise in respect of Shanshan Group that are required to be disclosed pursuant to the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* or other applicable regulations, the administrator will promptly inform the listed company and fulfill relevant disclosure requirements. The Company will continue to monitor the progress of the foregoing matters and strictly comply with its information disclosure obligations in accordance with relevant laws, regulations, and regulatory requirements.

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

Applicable Not applicable

VII. Explanations on Restrictions on Reduction of Shares

Applicable Not applicable

VIII. Specific Implementation of Share Repurchase during the Reporting Period

Applicable Not applicable

Unit: 100 million Yuan Currency: RMB

Name of share repurchase plan	Share repurchase program through centralized bidding transactions of Ningbo Shanshan Co., Ltd.
Time of disclosure of share repurchase plan	7 June 2024
Number of shares to be repurchased and its percentage of total share capital (%)	Under the condition that the repurchase price is capped at RMB16.60 per share and the repurchase is fully implemented, the estimated number of shares to be repurchased is approximately 24,096,385 shares, representing 1.07% of the total issued share capital of the Company (2,258,223,223), based on the maximum repurchase amount of RMB400 million; the estimated number of shares to be repurchased is approximately 12,048,193 shares, representing 0.53% of the total issued share capital of the Company, based on the minimum repurchase amount of RMB200 million.
Amount to be repurchased	Not less than RMB200 million (inclusive) and not more than RMB400 million (inclusive)
Period of proposed repurchase	Within 3 months from the date of consideration and approval of the share repurchase program by the Board of Directors
Repurchase purpose	The purpose of this share repurchase is to safeguard the Company’s value and the rights and interests of its shareholders. The repurchased shares will be sold in accordance with relevant regulations, and any

	portion not sold within the prescribed period shall be cancelled in accordance with the law.
Number of shares repurchased (shares)	30,001,464
Percentage of the repurchased number of shares to the underlying shares involved in the equity incentive plan (%) (if any)	Not applicable
Progress of the Company's share repurchase reduction by means of centralized bidding transactions	Not applicable

Name of share repurchase plan	Share repurchase program through centralized bidding transactions of Ningbo Shanshan Co., Ltd.
Time of disclosure of share repurchase plan	5 February 2024
Number of shares to be repurchased and its percentage of total share capital (%)	Under the condition that the repurchase price is capped at RMB18.60 per share and the repurchase is fully implemented, the estimated number of shares to be repurchased is approximately 26,881,720 shares, representing 1.19% of the total issued share capital of the Company (2,258,223,223), based on the maximum repurchase amount of RMB500 million; the estimated number of shares to be repurchased is approximately 1,344,086 shares, representing 0.6% of the total issued share capital of the Company, based on the minimum repurchase amount of RMB250 million.
Amount to be repurchased	Not less than RMB250 million (inclusive) and not more than RMB500 million (inclusive)
Period of proposed repurchase	Within 3 months from the date of consideration and approval of the share repurchase program by the Board of Directors
Repurchase purpose	The purpose of this share repurchase is to safeguard the Company's value and the rights and interests of its shareholders. The repurchased shares will be sold in accordance with relevant regulations, and any portion not sold within the prescribed period shall be cancelled in accordance with the law.
Number of shares repurchased (shares)	23,482,339
Percentage of the repurchased number of shares to the underlying shares involved in the equity incentive plan (%) (if any)	Not applicable
Progress of the Company's share repurchase reduction by means of centralized bidding transactions	Not applicable

Section VIII Information regarding Preference Shares

Applicable Not applicable

Section IX Information regarding Bonds

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

Applicable Not applicable

II. Convertible Corporate Bonds

Applicable Not applicable

Section X Financial Statements

Auditor's Report

PCCPAAR [2025] No. 8523

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

I. Audit Opinion

We have audited the financial statements of Ningbo Shanshan Co., Ltd. (the “Company”), which comprise the consolidated and parent company balance sheets as at December 31, 2024, the consolidated and parent company income statements, consolidated and parent company cash flow statements, and consolidated and parent company statements of changes in equity for the year then ended, as well as notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises.

II. Basis for Audit Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Certified Public Accountant's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Key Audit Matters

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

(I) Revenue recognition

1. Key audit matters

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

The Company is mainly engaged in polarizer and lithium battery anode material businesses. In 2024, the operating revenue amounted to 18,679.73 million yuan, of which, 10,420.62 million yuan was from polarizer business, accounting for 55.79%; 8,215.26 million yuan was from lithium battery anode material business, accounting for 43.98%.

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

2. Responsive audit procedures

Our main audit procedures for revenue recognition are as follows:

- (1) We obtained understandings of key internal controls related to revenue recognition, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of the operation;
- (2) We checked sales contracts, obtained understandings of main contractual terms or conditions, and assessed whether the revenue recognition method was appropriate;
- (3) We performed analysis procedure on operating revenue by month, product, customer, etc., so as to identify whether there are significant or abnormal fluctuations and find out the reason;

(4) For revenue from domestic sales, we checked supporting documents related to selected items, including sales contracts, orders, sales invoices, outbound delivery orders, delivery receipts, customer statements, etc.; for revenue from overseas sales, we selected items to check relevant supporting documents including sales contracts, bills of clearance, waybills, sales invoices, etc.;

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

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

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

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

(II) Impairment of long-term equity investments

1. Key audit matters

Please refer to section III (XXI) and V (I) 11 of notes to the financial statements for details.

As of December 31, 2024, the book balance of long-term equity investments amounted to 6,743.45 million yuan, with provision for impairment of 427.04 million yuan, and the carrying amount of 6,316.41 million yuan.

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

2. Responsive audit procedures

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

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

- (2) We assessed the reasonableness of the Management's judgment on whether there is indication of impairment on long-term equity investments in combination with the industry status, development prospects, and operating conditions of the investees;
- (3) We assessed the competency, professional quality and objectivity of external appraisers engaged by the Management;
- (4) We assessed the appropriateness of valuation methods and significant assumptions used by the Management in impairment test and the relevance of the selection of comparable listed companies using the market method;
- (5) We tested whether the Management's calculation of equity value of the target company was accurate; and
- (9) We checked whether information related to impairment of long-term equity investments had been presented appropriately in the financial statements.

IV. Other Information

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

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

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

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

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

The Management is responsible for preparing and presenting fairly the financial statements in accordance with China Accounting Standards for Business Enterprises, as well as designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

(VI) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain sole responsibility for our audit opinion.

We communicate with those charged with governance regarding the planned audit scope, time schedule and significant audit findings, including any deficiencies in internal control of concern that we identify during our audit.

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

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

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

Hangzhou · China

Chinese Certified Public Accountant: Run Wang

Date of Report: April 24, 2025

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

Ningbo Shanshan Co., Ltd.
Consolidated balance sheet as at December 31, 2024
(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	December 31, 2023
Current assets:			
Cash and bank balances	1	2,770,648,155.32	4,855,725,462.72
Settlement funds			
Loans to other banks			
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable	2		585,465,243.69
Accounts receivable	3	5,209,137,732.79	4,664,088,132.51
Receivables financing	4	42,218,961.77	819,020,204.62
Advances paid	5	1,285,909,859.83	426,530,946.40
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables	6	1,097,253,963.21	644,244,237.97
Financial assets under reverse repo			
Inventories	7	5,975,613,109.65	5,356,304,178.24
Including: Data resources			
Contract assets			
Assets held for sale	8		504,815,183.07
Non-current assets due within one year	9		43,356,102.91
Other current assets	10	883,046,379.81	1,234,162,149.72
Total current assets		17,263,828,162.38	19,133,711,841.85
Non-current assets:			
Loans and advances			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	11	6,316,406,745.05	7,072,095,065.18
Other equity instrument investments	12	126,486,318.53	842,256,655.01
Other non-current financial assets	13	237,037,307.86	202,225,284.01
Investment property			
Fixed assets	14	14,256,097,096.93	10,917,093,804.09
Construction in progress	15	3,789,117,779.51	5,580,742,755.55
Productive biological assets			
Oil & gas assets			
Right-of-use assets	16	1,138,539,755.86	1,418,960,915.77
Intangible assets	17	1,884,619,658.23	2,000,046,938.77
Including: Data resources			
Development expenditures			
Including: Data resources			
Goodwill	18	828,320,718.55	879,235,149.99
Long-term prepayments	19	73,684,563.51	93,029,622.68
Deferred tax assets	20	278,647,868.69	199,332,670.75
Other non-current assets	21	15,196,329.49	136,235,292.10
Total non-current assets		28,944,154,142.21	29,341,254,153.90
Total assets		46,207,982,304.59	48,474,965,995.75

Legal representative:Ting Zhou Officer in charge of accounting:Keqin Li Head of accounting department:Lie Xu

Ningbo Shanshan Co., Ltd.
Consolidated balance sheet as at December 31, 2024 (continued)
(Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	December 31, 2023
Current liabilities:			
Short-term borrowings	23	5,627,645,926.84	6,697,084,945.67
Central bank loans			
Loans from other banks			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	24	190,995,331.81	824,517,193.64
Accounts payable	25	4,524,023,879.56	2,812,406,457.12
Advances received	26	1,827,784.11	20,835,376.00
Contract liabilities	27	32,640,936.49	12,376,375.15
Financial liabilities under repo			
Absorbing deposit and interbank deposit			
Deposits for agency security transaction			
Deposits for agency security underwriting			
Employee benefits payable	28	121,959,994.92	142,380,004.37
Taxes and rates payable	29	240,634,882.88	79,179,764.82
Other payables	30	439,067,901.48	517,714,766.96
Handling fees and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale	31		427,188,378.77
Non-current liabilities due within one year	32	2,796,533,361.27	3,073,368,219.55
Other current liabilities	33	3,391,582.34	1,498,699.04
Total current liabilities		13,978,721,581.70	14,608,550,181.09
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings	34	7,804,461,602.92	8,063,698,988.69
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	35	742,150,463.93	776,916,639.42
Long-term payables	36	235,291,929.72	497,131,448.00
Long-term employee benefits payable			
Provisions	37	36,047,544.20	75,868,748.26
Deferred income	38	484,764,556.10	467,257,728.18
Deferred tax liabilities	20	392,057,243.31	392,686,578.55
Other non-current liabilities			
Total non-current liabilities		9,694,773,340.18	10,273,560,131.10
Total liabilities		23,673,494,921.88	24,882,110,312.19
Equity:			
Share capital	39	2,253,396,168.00	2,258,223,223.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	40	9,014,799,973.78	9,073,484,147.89
Less: Treasury shares	41	1,469,285,164.43	981,321,182.46
Other comprehensive income	42	-233,336,549.38	-77,894,085.74
Special reserve	43	10,880.60	1,724,238.27
Surplus reserve	44	292,801,918.55	292,801,918.55
General risk reserve			
Undistributed profit	45	11,723,056,845.38	12,102,150,807.75
Total equity attributable to the parent company		21,581,444,072.50	22,669,169,067.26
Non-controlling interest		953,043,310.21	923,686,616.30
Total equity		22,534,487,382.71	23,592,855,683.56
Total liabilities & equity		46,207,982,304.59	48,474,965,995.75

Legal representative:Ting Zhou Officer in charge of accounting:Keqin Li Head of accounting department:Lie Xu

Ningbo Shanshan Co., Ltd.
Parent company balance sheet as at December 31, 2024
(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	December 31, 2023
Current assets:			
Cash and bank balances		831,626,951.71	818,954,563.71
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	1	6,562,671.54	5,583,798.91
Receivables financing			
Advances paid		3,290,290.50	11,087,786.72
Other receivables	2	2,756,065,020.15	3,011,122,040.54
Inventories			
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets			5,603,770.01
Total current assets		3,597,544,933.90	3,852,351,959.89
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	3	14,550,062,601.02	14,950,838,452.50
Other equity instrument investments		36,550,000.00	36,550,000.00
Other non-current financial assets			
Investment property			
Fixed assets		75,657,622.25	365,598,425.02
Construction in progress			
Productive biological assets			
Oil & gas assets			
Right-of-use assets		4,407,024.23	63,754,998.48
Intangible assets		2,582,756.47	83,806,582.20
Including: Data resources			
Development expenditures			
Including: Data resources			
Goodwill			
Long-term prepayments		1,884,051.27	6,578,464.11
Deferred tax assets		36,596,330.46	39,663,849.44
Other non-current assets			
Total non-current assets		14,707,740,385.70	15,546,790,771.75
Total assets		18,305,285,319.60	19,399,142,731.64

Legal representative:Ting Zhou Officer in charge of accounting:Keqin Li Head of accounting department:Lie Xu

Ningbo Shanshan Co., Ltd.

Parent company balance sheet as at December 31, 2024 (continued)

(Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	December 31, 2023
Current liabilities:			
Short-term borrowings		2,394,317,883.32	1,856,861,016.66
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable		57,204,142.08	38,199,726.99
Advances received		1,828,953.58	20,813,216.88
Contract liabilities			
Employee benefits payable		4,874,237.69	12,327,166.34
Taxes and rates payable		117,753,902.35	8,135,959.43
Other payables		1,533,804,279.28	974,583,059.87
Liabilities held for sale			
Non-current liabilities due within one year		1,547,718,353.54	1,898,854,912.08
Other current liabilities			
Total current liabilities		5,657,501,751.84	4,809,775,058.25
Non-current liabilities:			
Long-term borrowings		2,100,200,000.00	2,692,533,333.34
Bonds payable			
Including: Preferred shares			
Perpetual bonds			15,188,053.25
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions		3,000,000.00	11,400,000.00
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		2,103,200,000.00	2,719,121,386.59
Total liabilities		7,760,701,751.84	7,528,896,444.84
Equity:			
Share capital		2,253,396,168.00	2,258,223,223.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		7,667,534,751.46	7,745,144,150.74
Less: Treasury shares		1,469,285,164.43	981,321,182.46
Other comprehensive income		14,445,120.76	-5,337,173.48
Special reserve			
Surplus reserve		294,927,373.13	294,927,373.13
Undistributed profit		1,783,565,318.84	2,558,609,895.87
Total equity		10,544,583,567.76	11,870,246,286.80
Total liabilities & equity		18,305,285,319.60	19,399,142,731.64

Legal representative: Ting Zhou Officer in charge of accounting: Keqin Li Head of accounting department: Lie Xu

Ningbo Shanshan Co., Ltd.
Consolidated income statement for the year ended December 31, 2024
(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Total operating revenue	1	18,679,729,021.40	19,070,225,164.95
Including: Operating revenue	1	18,679,729,021.40	19,070,225,164.95
Interest income			
Premiums earned			
Revenue from handling fees and commissions			
II. Total operating cost		18,581,442,611.07	18,334,757,073.97
Including: Operating cost	1	15,998,865,492.53	15,993,741,361.53
Interest expenses			
Handling fees and commissions			
Surrender value			
Net payment of insurance claims			
Net provision of insurance policy reserve			
Premium bonus expenditures			
Reinsurance expenses			
Taxes and surcharges	2	116,873,393.98	109,788,712.03
Selling expenses	3	244,079,808.05	228,007,876.70
Administrative expenses	4	663,823,128.02	667,987,389.88
R&D expenses	5	1,036,996,234.72	868,297,281.53
Financial expenses	6	520,804,553.77	466,934,452.30
Including: Interest expenses		573,783,400.78	541,133,908.17
Interest income		68,395,411.82	110,264,086.98
Add: Other income	7	276,941,688.38	502,191,965.25
Investment income (or less: losses)	8	-559,093,421.00	281,556,607.99
Including: Investment income from associates and joint ventures		-505,592,763.50	-122,272,475.73
Gains from derecognition of financial assets at amortized cost			
Gains on foreign exchange (or less: losses)			
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)	9	-7,980,334.68	-7,516,000.00
Credit impairment loss	10	-74,376,805.92	-54,638,094.46
Assets impairment loss	11	-361,239,853.22	-386,967,218.14
Gains on asset disposal (or less: losses)	12	396,365,363.16	-29,243,200.41
III. Operating profit (or less: losses)		-231,096,952.95	1,040,852,151.21
Add: Non-operating revenue	13	10,415,951.87	9,644,486.01
Less: Non-operating expenditures	14	53,606,188.28	61,990,281.81
IV. Profit before tax (or less: total loss)		-274,287,189.36	988,506,355.41
Less: Income tax expenses	15	45,437,902.58	223,686,158.65
V. Net profit (or less: net loss)		-319,725,091.94	764,820,196.76
(I) Categorized by the continuity of operations			
1. Net profit from continuing operations (or less: net loss)		-319,725,091.94	764,820,196.76
2. Net profit from discontinued operations (or less: net loss)			
(II) Categorized by the portion of equity ownership			
1. Net profit attributable to owners of parent company (or less: net loss)		-367,136,028.73	765,337,842.07
2. Net profit attributable to non-controlling shareholders (or less: net loss)		47,410,936.79	-517,645.31
VI. Other comprehensive income after tax		269,999,128.83	52,397,557.71
Items attributable to the owners of the parent company		270,000,641.32	52,446,804.40
(I) Not to be reclassified subsequently to profit or loss		298,987,113.87	50,191,436.44
1. Remeasurements of the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss		-3,350,304.38	-8,117,244.25
3. Changes in fair value of other equity instrument investments		318,921,789.69	58,308,680.69
4. Changes in fair value of own credit risk			
5. Others		-16,584,371.44	
(II) To be reclassified subsequently to profit or loss		-28,986,472.55	2,255,367.96
1. Items under equity method that may be reclassified to profit or loss		7,712,933.26	735,454.30
2. Changes in fair value of other debt investments			
3. Profit or loss from reclassification of financial assets into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserve			
6. Translation reserve		-36,699,405.81	1,519,913.66
7. Others			
Items attributable to non-controlling shareholders		-1,512.49	-49,246.69
VII. Total comprehensive income		-49,725,963.11	817,217,754.47
Items attributable to the owners of the parent company		-97,135,387.41	817,784,646.47
Items attributable to non-controlling shareholders		47,409,424.30	-566,892.00
VIII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)		-0.17	0.35
(II) Diluted EPS (yuan per share)		-0.17	0.35

Legal representative: Ting Zhou Officer in charge of accounting: Keqin Li Head of accounting department: Lie Xu

Ningbo Shanshan Co., Ltd.

Parent company income statement for the year ended December 31, 2024

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Operating revenue	1	50,385,211.97	71,158,660.68
Less: Operating cost	1	13,880,797.50	14,435,341.79
Taxes and surcharges		8,052,084.60	9,295,936.18
Selling expenses		1,523,585.01	16,317,609.95
Administrative expenses		145,897,830.35	183,717,377.87
R&D expenses			
Financial expenses		224,080,907.34	227,917,011.17
Including: Interest expenses		230,500,215.97	258,076,065.91
Interest income		14,123,504.64	45,750,379.70
Add: Other income		2,303,329.51	5,478,906.58
Investment income (or less: losses)	2	-531,430,355.73	269,107,720.86
Including: Investment income from associates and joint ventures		-248,134,925.64	80,162,695.38
Gains from derecognition of financial assets at amortized cost			
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)			
Credit impairment loss		176,355,085.09	-58,696,484.13
Assets impairment loss			
Gains on asset disposal (or less: losses)		409,882,495.95	722,371.69
II. Operating profit (or less: losses)		-285,939,438.01	-163,912,101.28
Add: Non-operating revenue		282,893.59	61,627.27
Less: Non-operating expenditures		16,915,438.23	15,962,540.44
III. Profit before tax (or less: total loss)		-302,571,982.65	-179,813,014.45
Less: Income tax expenses		3,067,518.98	20,431,506.88
IV. Net profit (or less: net loss)		-305,639,501.63	-200,244,521.33
(I) Net profit from continuing operations (or less: net loss)		-305,639,501.63	-200,244,521.33
(II) Net profit from discontinued operations (or less: net loss)			
V. Other comprehensive income after tax		-12,221,742.56	2,209,561.13
(I) Not to be reclassified subsequently to profit or loss		-19,934,675.82	1,520,908.68
1. Remeasurements of the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss		-3,350,304.38	670,755.75
3. Changes in fair value of other equity instrument investments			850,152.93
4. Changes in fair value of own credit risk			
5. Others		-16,584,371.44	
(II) To be reclassified subsequently to profit or loss		7,712,933.26	688,652.45
1. Items under equity method that may be reclassified to profit or loss		7,712,933.26	688,652.45
2. Changes in fair value of other debt investments			
3. Profit or loss from reclassification of financial assets into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserve			
6. Translation reserve			
7. Others			
VI. Total comprehensive income		-317,861,244.19	-198,034,960.20
VII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)			
(II) Diluted EPS (yuan per share)			

Legal representative:Ting Zhou Officer in charge of accounting:Keqin Li Head of accounting department:Lie Xu

Ningbo Shanshan Co., Ltd.
Consolidated cash flow statement for the year ended December 31, 2024
(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:			
Cash receipts from sale of goods or rendering of services		18,522,018,993.65	17,320,503,134.68
Net increase of client deposit and interbank deposit			
Net increase of central bank loans			
Net increase of loans from other financial institutions			
Cash receipts from original insurance contract premium			
Net cash receipts from reinsurance			
Net increase of policy-holder deposit and investment			
Cash receipts from interest, handling fees and commissions			
Net increase of loans from others			
Net increase of repurchase			
Net cash receipts from agency security transaction			
Receipts of tax refund		569,002,906.02	164,672,629.87
Other cash receipts related to operating activities	1 (1)	440,578,518.23	1,176,176,745.78
Subtotal of cash inflows from operating activities		19,531,600,417.90	18,661,352,510.33
Cash payments for goods purchased and services received		15,335,889,076.41	15,165,311,423.01
Net increase of loans and advances to clients			
Net increase of central bank deposit and interbank deposit			
Cash payments for insurance indemnities of original insurance contracts			
Net increase of loans to others			
Cash payments for interest, handling fees and commissions			
Cash payments for policy bonus			
Cash paid to and on behalf of employees		1,312,483,573.31	1,365,002,253.30
Cash payments for taxes and rates		449,333,073.21	1,046,142,912.84
Other cash payments related to operating activities	1 (2)	573,677,520.40	1,283,027,519.58
Subtotal of cash outflows from operating activities		17,671,383,243.33	18,859,484,108.73
Net cash flows from operating activities		1,860,217,174.57	-198,131,598.40
II. Cash flows from investing activities:			
Cash receipts from withdrawal of investments		1,002,684,085.92	71,450,715.53
Cash receipts from investment income		14,609,836.75	14,395,384.00
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		709,957,565.46	43,720,581.87
Net cash receipts from the disposal of subsidiaries & other business units		143,472,950.00	1,210,300,741.83
Other cash receipts related to investing activities	1 (3)	935,849,490.41	3,579,242,676.23
Subtotal of cash inflows from investing activities		2,806,573,928.54	4,919,110,099.46
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		3,825,802,840.76	5,963,376,966.22
Cash payments for investments		681,967,358.85	70,803,492.11
Net increase of pledged borrowings			
Net cash payments for the acquisition of subsidiaries & other business units			
Other cash payments related to investing activities	1 (4)	163,538,850.00	3,372,333,175.63
Subtotal of cash outflows from investing activities		4,671,309,049.61	9,406,513,633.96
Net cash flows from investing activities		-1,864,735,121.07	-4,487,403,534.50
III. Cash flows from financing activities:			
Cash receipts from absorbing investments		38,969,532.00	
Including: Cash received by subsidiaries from non-controlling shareholders as investments		38,969,532.00	
Cash receipts from borrowings		12,530,551,228.43	19,026,165,238.58
Other cash receipts related to financing activities	1 (5)	445,590,286.87	3,893,654,354.44
Subtotal of cash inflows from financing activities		13,015,111,047.30	22,919,819,593.02
Cash payments for the repayment of borrowings		12,903,070,863.50	12,197,345,643.63
Cash payments for distribution of dividends or profits and for interest expenses		1,034,129,555.04	1,034,709,759.47
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit			
Other cash payments related to financing activities	1 (6)	1,251,925,660.59	4,885,905,891.73
Subtotal of cash outflows from financing activities		15,189,126,079.13	18,117,961,294.83
Net cash flows from financing activities		-2,174,015,031.83	4,801,858,298.19
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		-14,860,461.49	-2,959,448.78
V. Net increase in cash and cash equivalents			
		-2,193,393,439.82	113,363,716.51
Add: Opening balance of cash and cash equivalents		4,024,541,676.69	3,911,177,960.18
VI. Closing balance of cash and cash equivalents			
		1,831,148,236.87	4,024,541,676.69

Legal representative:Ting Zhou Officer in charge of accounting:Keqin Li Head of accounting department:Lie Xu

Ningbo Shanshan Co., Ltd.

Parent company cash flow statement for the year ended December 31, 2024

(Expressed in Renminbi Yuan)

Items	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:		
Cash receipts from sale of goods or rendering of services	43,144,031.33	101,161,539.23
Receipts of tax refund		
Other cash receipts related to operating activities	3,679,208,891.97	2,834,139,557.69
Subtotal of cash inflows from operating activities	3,722,352,923.30	2,935,301,096.92
Cash payments for goods purchased and services received	2,586,639.28	17,443,074.61
Cash paid to and on behalf of employees	37,484,713.36	37,662,991.63
Cash payments for taxes and rates	34,253,692.84	26,223,213.50
Other cash payments related to operating activities	2,665,666,731.53	104,544,435.29
Subtotal of cash outflows from operating activities	2,739,991,777.01	185,873,715.03
Net cash flows from operating activities	982,361,146.29	2,749,427,381.89
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments		
Cash receipts from investment income	2,566,768.00	224,930,385.64
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	695,120,698.76	1,268,111.51
Net cash receipts from the disposal of subsidiaries & other business units	53,472,950.00	167,409,668.24
Other cash receipts related to investing activities	612,507,287.67	2,758,919,385.08
Subtotal of cash inflows from investing activities	1,363,667,704.43	3,152,527,550.47
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	603,522,208.92	454,137,000.07
Cash payments for investments	10,000,000.00	2,216,203,492.11
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities	15,000,000.00	2,373,330,319.08
Subtotal of cash outflows from investing activities	628,522,208.92	5,043,670,811.26
Net cash flows from investing activities	735,145,495.51	-1,891,143,260.79
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		
Cash receipts from borrowings	3,916,000,000.00	4,466,000,000.00
Other cash receipts related to financing activities	71,982,000.23	2,715,506,661.99
Subtotal of cash inflows from financing activities	3,987,982,000.23	7,181,506,661.99
Cash payments for the repayment of borrowings	4,284,940,000.00	4,550,207,158.27
Cash payments for distribution of dividends or profits and for interest expenses	658,478,399.02	817,472,337.80
Other cash payments related to financing activities	738,445,996.73	3,414,340,429.49
Subtotal of cash outflows from financing activities	5,681,864,395.75	8,782,019,925.56
Net cash flows from financing activities	-1,693,882,395.52	-1,600,513,263.57
IV. Effect of foreign exchange rate changes on cash and cash equivalents	99,145.15	159,033.66
V. Net increase in cash and cash equivalents	23,723,391.43	-742,070,108.81
Add: Opening balance of cash and cash equivalents	734,543,629.71	1,476,613,738.52
VI. Closing balance of cash and cash equivalents	758,267,021.14	734,543,629.71

Legal representative:Ting Zhou Officer in charge of accounting:Keqin Li Head of accounting department:Lie Xu

Ningbo Shanshan Co., Ltd.

Consolidated statement of changes in equity for the year ended December 31, 2024

(Expressed in Renminbi Yuan)

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

Legal representative: Ting Zhou

Officer in charge of accounting: Keqin Li

Head of accounting department: Lie Xu

Ningbo Shanshan Co., Ltd.

Consolidated statement of changes in equity for the year ended December 31, 2024 (continued)

(Expressed in Renminbi Yuan)

Items	Preceding period comparative												
	Equity attributable to parent company											Non-controlling interest	Total equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
	Preferred shares	Perpetual bonds	Others										
I. Balance at the end of prior year	2,263,973,358.00				9,131,320,581.39	514,721,346.78	-150,819,889.21	2,140,946.80	292,801,918.55		12,028,646,332.05	1,076,772,643.10	24,130,114,543.90
Add: Cumulative changes of accounting policies													
Error correction of prior period													
Business combination under common control													
Others													
II. Balance at the beginning of current year	2,263,973,358.00				9,131,320,581.39	514,721,346.78	-150,819,889.21	2,140,946.80	292,801,918.55		12,028,646,332.05	1,076,772,643.10	24,130,114,543.90
III. Current period increase (or less: decrease)	-5,750,135.00				-57,836,433.50	466,599,835.68	72,925,803.47	-416,708.53			73,504,475.70	-153,086,026.80	-537,258,860.34
(I) Total comprehensive income							52,446,804.40				765,337,842.07	-566,892.00	817,217,754.47
(II) Capital contributed or withdrawn by owners	-5,750,135.00				-57,836,433.50	466,599,835.68						-132,881,856.47	-663,068,260.65
1. Ordinary shares contributed by owners						545,571,545.63						-131,508,748.45	-677,080,294.08
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in equity					-1,062,719.06							-1,373,108.02	-2,435,827.08
4. Others	-5,750,135.00				-56,773,714.44	-78,971,709.95							16,447,860.51
(III) Profit distribution											-671,354,367.30	-19,705,787.50	-691,060,154.80
1. Appropriation of surplus reserve													
2. Appropriation of general risk reserve													
3. Appropriation of profit to owners											-671,354,367.30	-19,705,787.50	-691,060,154.80
4. Others													
(IV) Internal carry-over within equity							20,478,999.07				-20,478,999.07		
1. Transfer of capital reserve to capital													
2. Transfer of surplus reserve to capital													
3. Surplus reserve to cover losses													
4. Changes in defined benefit plan carried over to retained earnings													
5. Other comprehensive income carried over to retained earnings							20,478,999.07				-20,478,999.07		
6. Others													
(V) Special reserve								-416,708.53				68,509.17	-348,199.36
1. Current period appropriation								328,338.59				68,509.17	396,847.76
2. Current period use								-745,047.12					-745,047.12
(VI) Others													
IV. Balance at the end of current period	2,258,223,223.00				9,073,484,147.89	981,321,182.46	-77,894,085.74	1,724,238.27	292,801,918.55		12,102,150,807.75	923,686,616.30	23,592,855,683.56

Legal representative: Ting Zhou

Officer in charge of accounting: Keqin Li

Head of accounting department: Lie Xu

Ningbo Shanshan Co., Ltd.

Parent company statement of changes in equity for the year ended December 31, 2024

(Expressed in Renminbi Yuan)

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

Legal representative: Ting Zhou

Officer in charge of accounting: Keqin Li

Head of accounting department: Lie Xu

Ningbo Shanshan Co., Ltd.

Parent company statement of changes in equity for the year ended December 31, 2024 (continued)

(Expressed in Renminbi Yuan)

Items	Preceding period comparative										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred shares	Perpetual bonds	Others							
I. Balance at the end of prior year	2,263,973,358.00				7,822,416,931.11	514,721,346.78	-28,025,733.68		294,927,373.13	3,450,687,783.57	13,289,258,365.35
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	2,263,973,358.00				7,822,416,931.11	514,721,346.78	-28,025,733.68		294,927,373.13	3,450,687,783.57	13,289,258,365.35
III. Current period increase (or less: decrease)	-5,750,135.00				-77,272,780.37	466,599,835.68	22,688,560.20			-892,077,887.70	-1,419,012,078.55
(I) Total comprehensive income							2,209,561.13			-200,244,521.33	-198,034,960.20
(II) Capital contributed or withdrawn by owners	-5,750,135.00				-77,272,780.37	466,599,835.68					-549,622,751.05
1. Ordinary shares contributed by owners						545,571,545.63					-545,571,545.63
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in equity					-2,435,827.08						-2,435,827.08
4. Others	-5,750,135.00				-74,836,953.29	-78,971,709.95					-1,615,378.34
(III) Profit distribution										-671,354,367.30	-671,354,367.30
1. Appropriation of surplus reserve											
2. Appropriation of profit to owners										-671,354,367.30	-671,354,367.30
3. Others											
(IV) Internal carry-over within equity							20,478,999.07			-20,478,999.07	
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Changes in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings							20,478,999.07			-20,478,999.07	
6. Others											
(V) Special reserve											
1. Current period appropriation											
2. Current period use											
(VI) Others											
IV. Balance at the end of current period	2,258,223,223.00				7,745,144,150.74	981,321,182.46	-5,337,173.48		294,927,373.13	2,558,609,895.87	11,870,246,286.80

Legal representative: Ting Zhou

Officer in charge of accounting: Keqin Li

Head of accounting department: Lie Xu

Ningbo Shanshan Co., Ltd.

Notes to Financial Statements

For the year ended December 31, 2024

Monetary unit: RMB Yuan

I. Company profile

Ningbo Shanshan Co., Ltd. (the “Company”), under the approval of Ningbo Economic System Reform Office, was registered at Ningbo Administration for Market Regulation on December 14, 1992. Headquartered in Ningbo City, Zhejiang Province, the Company currently holds a corporate business license with unified social credit code of 91330200704803055M, with registered capital of 2,258.22 million yuan, total share of 2,253,396,168 shares (each with par value of one yuan), of which, 496,159,676 shares are restricted outstanding A shares, and 1,757,236,492 shares are unrestricted outstanding A shares. The Company’s shares were listed on the Shanghai Stock Exchange in January 1996.

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

The financial statements were approved and authorized for issue by the 19th meeting of the 11th session of the Board of Directors dated April 24, 2025.

II. Preparation basis of the financial statements

(I) Preparation basis

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

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

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

III. Significant accounting policies and estimates

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

(I) Statement of compliance

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

financial position, financial performance and cash flows of the Company.

(II) Accounting period

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

(III) Operating cycle

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

(IV) Functional currency

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

(V) Determination method and basis for selection of materiality

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

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

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

1. Accounting treatment of business combination under common control

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

2. Accounting treatment of business combination not under common control

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

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

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

1. Judgement of control

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

2. Compilation method of consolidated financial statements

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

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

(1) Obtaining of subsidiaries or businesses

During the reporting period, if a subsidiary or business is obtained through business combination under common control, the financial performance and cash flows of the subsidiary or business from the beginning of the current period to the end of the reporting period will be included in the consolidated financial statements, and the opening balance of the consolidated financial statements and the relevant items of the comparative statements will be adjusted accordingly as if the consolidated reporting entity had been in existence since the point when the ultimate controlling party began to control it.

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

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

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

(2) Disposal of subsidiaries

1) General treatment method

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

investment of the original subsidiary that can be subsequently reclassified into profit or loss, and other changes in equity under the equity method, shall be transferred into investment income of the current period when the control is lost.

2) Disposal of a subsidiary in stages

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

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

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

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

(3) Acquisition of non-controlling interest

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

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

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

reserve (capital premium) is insufficient to offset, any excess is adjusted to retained earnings.

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

1. Joint arrangements include joint operations and joint ventures.

2. When the Company is a joint operator of a joint operation, it recognizes the following items in relation to its interest in a joint operation:

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

(IX) Recognition criteria of cash and cash equivalents

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

(X) Foreign currency translation

1. Translation of transactions denominated in foreign currency

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

2. Translation of financial statements measured in foreign currency

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

(XI) Financial instruments

1. Classification of financial assets and financial liabilities

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

Financial liabilities are classified into the following four categories when initially recognized: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies; (3) financial guarantee contracts not fall within the above categories (1) and (2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category (1); (4) financial liabilities at amortized cost.

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

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

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

(2) Subsequent measurement of financial assets

1) Financial assets measured at amortized cost

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

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

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

derecognized.

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

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

4) Financial assets at fair value through profit or loss

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

(3) Subsequent measurement of financial liabilities

1) Financial liabilities at fair value through profit or loss

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

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

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

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

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

4) Financial liabilities at amortized cost

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

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when:

- a. the contractual rights to the cash flows from the financial assets expire; or
- b. the financial assets have been transferred and the transfer qualifies for derecognition in accordance with “CASBE 23 – Transfer of Financial Assets”.

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

3. Recognition criteria and measurement method of financial assets transfer

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

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

items is included into profit or loss: (1) the carrying amount of the portion which is derecognized; (2) the sum of consideration of the portion which is derecognized, and the portion of the accumulative amount of the changes in the fair value originally included in other comprehensive income which is corresponding to the portion which is derecognized (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income).

4. Fair value determination method of financial assets and liabilities

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

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

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

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

5. Impairment of financial instruments

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

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

credit-adjusted effective interest rate.

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

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

For financial assets other than the above, on each balance sheet date, the Company shall assess whether the credit risk on the financial instrument has increased significantly since initial recognition. The Company shall measure the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition; otherwise, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss.

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

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

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

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

6. Offsetting financial assets and financial liabilities

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

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

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

1. Receivables and contract assets with expected credit losses measured on a collective basis using similar credit risk features

Categories	Basis for determination of portfolio	Method for measuring expected credit loss
Bank acceptance receivable	Type of notes	Credit rating of acceptors
Trade acceptance receivable		
Accounts receivable – Portfolio grouped with ages	Portfolio grouped with ages	The expected credit loss rate is determined by combining historical loss rates with forward-looking adjustments
Other receivables – Portfolio grouped with business categories	Business categories	The expected credit loss rate is determined based on the common credit risk characteristics of business categories as well as forward-looking factors

2. Recognition criteria for receivables and contract assets with expected credit losses measured on an individual basis

For receivables and contract assets whose credit risk is significantly different from that of portfolios, the Company accrues expected credit losses on an individual basis.

(XIII) Inventories

1. Classification of inventories

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

2. Accounting method for dispatched inventories

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

3. Inventory system

Perpetual inventory method is adopted.

4. Amortization method of low-value consumables and packages

(1) Low-value consumables

One-off method is adopted.

(2) Packages

One-off method is adopted.

5. Provision for inventory write-down

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

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

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

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

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

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

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

When the Company acquires a non-current asset or disposal group with a view to resale, it shall classify the non-current asset or disposal group as held for sale at the acquisition date only if the

requirement of “expected to be completed within one year” is met at that date and it is highly probable that other criteria for held for sale will be met within a short period (usually within three months).

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

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

(1) Initial measurement and subsequent measurement

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

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

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

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

(2) Reversal of assets impairment loss

When there is a subsequent increase in fair value less costs to sell of a non-current asset held for sale at the balance sheet date, the write-down shall be recovered, and shall be reversed not in

excess of the impairment loss that has been recognized after the non-current asset was classified as held for sale. The reversal shall be included into profit or loss. Assets impairment loss that has been recognized before the classification is not reversed.

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

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

(3) Non-current asset or disposal group that is no longer classified as held for sale and derecognized

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

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

3. Recognition criteria of discontinued operations

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

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

4. Presentation method of discontinued operations

The Company presents gains or losses from continuing operations and gains or losses from discontinued operations separately in the income statement. Operating gains or losses including impairment loss of discontinued operations and its reversal amount, and gains or losses on

disposal are presented as gains or losses from discontinued operations. For discontinued operations presented in the current period, the information previously presented as gains or losses from continuing operations is reclassified as gains or losses from discontinued operations for the comparative period in the current financial statements. For discontinued operations that no longer meet criteria for held for sale, the information previously presented as gains or losses from discontinued operations is reclassified as gains or losses from continuing operations for the comparative period in the current financial statements.

(XV) Long-term equity investments

1. Judgment of joint control and significant influence

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

2. Determination of investment cost

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

When long-term equity investments are obtained through business combination under common control achieved in stages, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, on the date of combination, investment cost is initially recognized at the share of the carrying amount of net assets of the combined party included the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of long-term equity investments at the acquisition date and the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity is adjusted to capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

(2) For business combination not under common control, investment cost is initially recognized at the acquisition-date fair value of considerations paid.

When long-term equity investments are obtained through business combination not under common control achieved in stages, the Company determined whether they are stand-alone financial statements or consolidated financial statements in accounting treatment:

1) In the case of stand-alone financial statements, investment cost is initially recognized at the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity.

2) In the case of consolidated financial statements, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, the carrying amount of the acquirer’s previously held equity interest in the acquiree is remeasured at the acquisition-date fair value, and the difference between the fair value and the carrying amount is recognized in investment income; when the acquirer’s previously held equity interest in the acquiree involves other comprehensive income under equity method, the related other comprehensive income is reclassified as income for the acquisition period, excluding other comprehensive income arising from changes in net liabilities or assets from remeasurement of defined benefit plan of the acquiree.

(3) Long-term equity investments obtained through ways other than business combination: the initial cost of a long-term equity investment obtained by making payment in cash is the purchase cost which is actually paid; that obtained on the basis of issuing equity securities is the fair value of the equity securities issued; that obtained through debt restructuring is determined according to “CASBE 12 – Debt Restructuring”; and that obtained through non-cash assets exchange is determined according to “CASBE 7 – Non-cash Assets Exchange”.

3. Subsequent measurement and recognition method of profit or loss

For a long-term equity investment with control relationship, it is accounted for with cost method; for a long-term equity investment with joint control or significant influence relationship, it is accounted for with equity method.

4. Disposal of a subsidiary in stages resulting in the Company’s loss of control

(1) Judgement principles of “bundled transaction”

For disposal of a subsidiary in stages resulting in the Company’s loss of control, the Company determines whether it is a “bundled transaction” based on the agreement terms for each stage, disposal consideration obtained separately, object of the equity sold, disposal method, disposal time point, etc. If the terms, conditions and economic effect of each transaction meet one or more of the following conditions, these transactions are usually considered as a “bundled transaction”:

1) these transactions are entered into at the same time or in contemplation of each other;

2) these transactions form a single transaction designed to achieve an overall commercial effect;

3) the occurrence of one transaction is dependent on the occurrence of at least one other transaction; and

4) one transaction considered on its own is not economically justified, but it is economically justified when considered together with other transactions.

(2) Accounting treatments of non-bundled transactions

1) Stand-alone financial statements

The difference between the carrying amount of the disposed equity and the consideration obtained thereof is recognized in profit or loss. If the disposal does not result in the Company's loss of significant influence or joint control, the remained equity is accounted for with equity method; however, if the disposal results in the Company's loss of control, joint control, or significant influence, the remained equity is accounted for according to "CASBE 22 – Financial Instruments: Recognition and Measurement".

2) Consolidated financial statements

Before the Company's loss of control, the difference between the disposal consideration and the proportionate share of net assets in the disposed subsidiary from acquisition date or combination date to the disposal date is adjusted to capital reserve (capital premium), if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When the Company loses control, the remained equity is remeasured at the loss-of-control-date fair value. The aggregated value of disposal consideration and the fair value of the remained equity, less the share of net assets in the disposed subsidiary held before the disposal from the acquisition date or combination date to the disposal date is recognized in investment income in the period when the Company loses control over such subsidiary, and meanwhile goodwill is offset correspondingly. Other comprehensive income related to equity investments in former subsidiary is reclassified as investment income upon the Company's loss of control.

(3) Accounting treatment of bundled transaction

1) Stand-alone financial statements

Stages as a whole are considered as one transaction resulting in loss of control in accounting treatment. However, before the Company loses control over a subsidiary, the difference between the disposal consideration at each stage and the carrying amount of long-term equity investments corresponding to the disposed investments is recognized as other comprehensive income at the stand-alone financial statements and reclassified as profit or loss in the period when the Company loses control over such subsidiary.

2) Consolidated financial statements

Stages as a whole are considered as one transaction resulting in loss of control in accounting treatment. However, before the Company loses control over a subsidiary, the difference between the disposal consideration at each stage and the proportionate share of net assets in the disposed subsidiary is recognized as other comprehensive income at the consolidated financial statements and reclassified as profit or loss in the period when the Company loses control over such subsidiary.

(XVI) Investment property

1. Investment property includes land use right of leased-out property and of property held for capital appreciation and buildings that have been leased out.
2. The initial measurement of investment property is based on its cost, and subsequent measurement is made using the cost model, the depreciation or amortization method is the same as that of fixed assets and intangible assets.

(XVII) Fixed assets

1. Recognition principles of fixed assets

Fixed assets are tangible assets held for use in the production of goods or rendering of services, for rental to others, or for administrative purposes, and expected to be used during more than one accounting year. Fixed assets are recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

2. Depreciation method of different categories of fixed assets

Categories	Depreciation method	Useful life (years)	Residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	20-35	3	4.85-2.77
Machinery	Straight-line method	8-10	3	12.13-9.70
Transport equipment	Straight-line method	4-10	3	24.25-9.70
Other equipment	Straight-line method	5-8	3	19.40-12.13
Decoration of fixed assets	Straight-line method	3-5	0	33.33-20.00

(XVIII) Construction in progress

1. Construction in progress is recognized if, and only if, it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Construction in progress is measured at the actual cost incurred to reach its designed usable conditions.

2. Construction in progress is transferred into fixed assets at its actual cost when it reaches the designed usable conditions. When the auditing of the construction in progress is not finished while reaching the designed usable conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

Categories	Standards and time point of transferring construction in progress to fixed assets
Buildings and structures	When (1) the main construction project and supporting projects have been completed and accepted; (2) for buildings and structures that have reached the designed usable conditions but have not yet been settled, they shall be transferred to fixed assets at an estimated value based on the actual cost of the project from the date they reach designed usable conditions.
Machinery	When (1) the relevant equipment and other supporting facilities have been installed; (2) if there are industry standards and specifications, they shall be implemented in accordance with the industry standards; if not, the standard shall be that the equipment can maintain continuous and stable operation for a period of time; (3) the products produced by the equipment have reached the predetermined qualified state.

(XIX) Borrowing costs

1. Recognition principle of borrowing costs capitalization

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it is capitalized and included in the costs of relevant assets; other borrowing costs are recognized as expenses on the basis of the actual amount incurred, and are included in profit or loss.

2. Borrowing costs capitalization period

(1) The borrowing costs are not capitalized unless the following requirements are all met: 1) the asset disbursements have already incurred; 2) the borrowing costs have already incurred; and 3) the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

(2) Suspension of capitalization: where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs is suspended; the borrowing costs incurred during such period are recognized as expenses, and are included in profit or loss, till the acquisition and construction or production of the asset restarts.

(3) Ceasing of capitalization: when the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs is ceased.

3. Capitalization rate and capitalized amount of borrowing costs

For borrowings exclusively for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests is determined in light of the actual interest

expenses incurred (including amortization of premium or discount based on effective interest method) of the special borrowings in the current period less the interest income on the unused borrowings as a deposit in the bank or as a temporary investment; where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the Company calculates and determines the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the excess of the accumulative capital disbursements over the special borrowings by the capitalization rate of the general borrowing used.

(XX) Intangible assets

1. Intangible assets include land use right, patent right, software, etc. The initial measurement of intangible assets is based on its cost.

2. For intangible assets with finite useful lives, their amortization amounts are amortized within their useful lives systematically and reasonably, if it is unable to determine the expected realization pattern reliably, intangible assets are amortized by the straight-line method with details as follows:

Items	Useful life and determination basis	Amortization method
Land use right	The useful life is determined to be 20-50 years according to the period registered on the certificate of titles	Straight-line method
Patent right	The useful life is determined to be 5-20 years based on the expected benefit period.	Straight-line method
Software and others	The useful life is determined to be 5-10 years based on the expected benefit period.	Straight-line method
Customer relationships	The useful life is determined to be 10 years based on the expected benefit period.	Straight-line method

Intangible assets with indefinite useful lives are not amortized, but their useful lives are reviewed annually.

3. Permitted scope of R&D costs

(1) Personnel costs

Personnel costs include wages and salaries, basic endowment insurance premiums, basic medical insurance premiums, unemployment insurance premiums, occupational injuries premiums, maternity premiums and housing provident funds for the Company's R&D personnel, as well as labor costs for external R&D personnel.

If R&D personnel serve for multiple R&D projects at the same time, personnel costs are recognized based on their working hour records provided by the Company's administrative department, and proportionately allocated among different R&D projects.

If personnel directly engaged in R&D activities and external R&D personnel are engaged in non-R&D activities at the same time, the Company, based on their working hour records at different positions, allocates personnel costs actually incurred between R&D expenses and production and operating expenses using reasonable methods such as the ratio of actual working hours.

(2) Direct input costs

Direct input costs refer to relevant expenses actually incurred by the Company for R&D activities, which include: 1) materials, fuel and power costs directly consumed by R&D activities; 2) development and manufacturing costs of molds and craft equipment used for intermediate tests and trial production, acquisition costs of samples, prototypes and general testing methods that do not constitute fixed assets, and inspection costs of trial production; and 3) operation and maintenance, adjustment, inspection, testing and repairing costs of instruments and equipment used for R&D activities.

(3) Depreciation and long-term prepayments

Depreciation refers to the depreciation of instruments, equipment and in-use buildings used for R&D activities.

For instruments, equipment and in-use buildings both used for R&D activities and non-R&D activities, necessary records shall be kept on their usage, and depreciation actually incurred is allocated between R&D expenses and production and operating expenses in a reasonable manner based on the actual working hours, the usable area, etc.

Long-term prepayments refer to those incurred during renovation, modification, decoration and repairing of R&D facilities, which are collected based on actual amount and amortized evenly over a specified period.

(4) Amortization of intangible assets

Amortization of intangible assets refer to the amortization of software, intellectual property, and non-patented technology (proprietary technology, licenses, design and calculation methods, etc.) used for R&D activities.

(5) Design expenses

Design expenses refer to expenses incurred for the conception, development and manufacturing of new products and techniques, design of processes, technical specifications, process specification formulation, operational characteristics, etc., including expenses incurred for creative design activities to obtain innovative, creative and breakthrough products.

(6) Equipment commissioning and testing expenses

Equipment commissioning expenses refer to expenses incurred for R&D activities during tooling preparation, including expenses incurred for activities such as development of special and specialized production machines, changes in production and quality control procedures, development of new methods and standards, etc.

Expenses incurred for routine tooling preparation and industrial engineering for the purpose of large-scale/mass and commercial production are not included in the permitted scope.

Testing expenses include clinical trial fees for new drug development, on-site testing fees for exploration and production technologies, field testing fees, etc.

(7) R&D outsourcing expenses

R&D outsourcing expenses refer to expenses incurred for R&D activities outsourced to other domestic or foreign organizations or individuals (outcomes of R&D activities are owned by the Company and closely related to the Company's main business operations).

(8) Other expenses

Other expenses refer to expenses other than those mentioned above that are directly related to R&D activities, including technical books and materials fees, data translation fees, expert consultation fees, high-tech R&D insurance premiums, R&D outcomes search, demonstration, evaluation, appraisal and acceptance fees, intellectual property application, registration and agency fees, conference fees, business travelling fees, communication fees, etc.

4. Expenditures on the research phase of an internal project are recognized as profit or loss when they are incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can demonstrate all of the followings: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) its intention to complete the intangible asset and use or sell it; (3) how the intangible asset will generate probable future economic benefits, among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (4) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (5) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

5. Criteria for distinguishing the research phase from the development phase of an internal project to create an intangible asset:

Research phase: the phase of original and planned investigation and research activities to acquire and understand new scientific or technical knowledge, etc.

Development phase: the phase of activity in which research results or other knowledge are applied to a program or design to produce new or substantially improved materials, devices, products, etc., prior to commercial production or use.

(XXI) Impairment of part of long-term assets

For long-term assets such as long-term equity investments, investment property at cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, etc., if at the balance sheet date there is indication of impairment, the recoverable amount is to be estimated. For goodwill recognized in business combination and intangible assets with indefinite useful lives, no matter whether there is indication of impairment, impairment test is performed annually. Impairment test on goodwill is performed on related asset group or asset group portfolio.

When the recoverable amount of such long-term assets is lower than their carrying amount, the difference is recognized as provision for assets impairment through profit or loss.

(XXII) Long-term prepayments

Long-term prepayments are expenses that have been recognized but with amortization period over one year (excluding one year). They are recorded with actual cost, and evenly amortized within the beneficiary period or stipulated period. If items of long-term prepayments fail to be beneficial to the following accounting periods, residual values of such items are included in profit or loss.

(XXIII) Employee benefits

1. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

2. Short-term employee benefits

The Company recognizes, in the accounting period in which an employee provides service, short-term employee benefits actually incurred as liabilities, with a corresponding charge to profit or loss or the cost of a relevant asset.

3. Post-employment benefits

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans.

(1) The Company recognizes in the accounting period in which an employee provides service the contribution payable to a defined contribution plan as a liability, with a corresponding charge to profit or loss or the cost of a relevant asset.

(2) Accounting treatment by the Company for defined benefit plan usually involves the following steps:

1) In accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, measure the obligations under the defined benefit plan, and determine the periods to which the obligations are attributed. Meanwhile, the Company discounts obligations under the defined benefit plan to determine the present value of the defined benefit plan obligations and the current service cost;

2) When a defined benefit plan has assets, the Company recognizes the deficit or surplus by deducting the fair value of defined benefit plan assets from the present value of the defined benefit plan obligation as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling;

3) At the end of the period, the Company recognizes the following components of employee benefits cost arising from defined benefit plan: a. service cost; b. net interest on the net defined benefit plan liability (asset); and c. changes as a result of remeasurement of the net defined benefit liability (asset). Item a and item b are recognized in profit or loss or the cost of a relevant asset. Item c is recognized in other comprehensive income and is not to be reclassified subsequently to profit or loss. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

4. Termination benefits

Termination benefits provided to employees are recognized as an employee benefit liability for termination benefits, with a corresponding charge to profit or loss at the earlier of the following dates: (1) when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; or (2) when the Company recognizes cost or expenses related to a restructuring that involves the payment of termination benefits.

5. Other long-term employee benefits

When other long-term employee benefits provided to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits are accounted for in accordance with the requirements relating to defined contribution plan, while other benefits are accounted for in accordance with the requirements relating to defined benefit plan. The Company recognizes the cost of employee benefits arising from other long-term employee benefits as the followings: (1) service cost; (2) net interest on the net liability or net assets of other long-term employee benefits; and (3) changes as a result of remeasurement of the net liability or net assets of other long-term employee benefits. As a practical expedient, the net total of the aforesaid amounts is recognized in

profit or loss or included in the cost of a relevant asset.

(XXIV) Provisions

1. Provisions are recognized when fulfilling the present obligations arising from contingencies such as providing guarantee for other parties, litigation, products quality guarantee, onerous contract, etc., may cause the outflow of the economic benefit and such obligations can be reliably measured.

2. The initial measurement of provisions is based on the best estimated expenditures required in fulfilling the present obligations, and its carrying amount is reviewed at the balance sheet date.

(XXV) Share-based payment

1. Types of share-based payment

Share-based payment consists of equity-settled share-based payment and cash-settled share-based payment.

2. Accounting treatment for settlements, modifications and cancellations of share-based payment plans

(1) Equity-settled share-based payment

For equity-settled share-based payment transaction with employees, if the equity instruments granted vest immediately, the fair value of those equity instruments is measured at grant date and recognized as transaction cost or expense, with a corresponding adjustment in capital reserve; if the equity instruments granted do not vest until the counterparty completes a specified period of service or fulfills certain performance conditions, at the balance sheet date within the vesting period, the fair value of those equity instruments measured at grant date based on the best estimate of the number of equity instruments expected to vest is recognized as transaction cost or expense, with a corresponding adjustment in capital reserve.

For equity-settled share-based payment transaction with parties other than employees, if the fair value of the services received can be measured reliably, the fair value is measured at the date the Company receives the service; if the fair value of the services received cannot be measured reliably, but that of equity instruments can be measured reliably, the fair value of the equity instruments granted measured at the date the Company receives the service is referred to, and recognized as transaction cost or expense, with a corresponding increase in equity.

(2) Cash-settled share-based payment

For cash-settled share-based payment transactions with employees, if share appreciation rights vest immediately, the fair value of the liability incurred as the acquisition of services is measured at grant date and recognized as transaction cost or expense, with a corresponding increase in liabilities; if share appreciation rights do not vest until the employees have completed a specified

period of service or fulfills certain performance conditions, the liability is measured, at each balance sheet date until settled, at the fair value of the share appreciation rights measured at grant date based on the best estimate of the number of share appreciation right expected to vest.

(3) Modifications and cancellations of share-based payment plan

If the modification increases the fair value of the equity instruments granted, the Company includes the incremental fair value granted in the measurement of the amount recognized for services received as consideration for the equity instruments granted; similarly, if the modification increases the number of equity instruments granted, the Company includes the fair value of the additional equity instruments granted, in the measurement of the amount recognized for services received as consideration for the equity instruments granted; if the Company modifies the vesting conditions in a manner that is beneficial to the employee, the Company takes the modified vesting conditions into account.

If the modification reduces the fair value of the equity instruments granted, the Company does not take into account that decrease in fair value and continue to measure the amount recognized for services received as consideration for the equity instruments based on the grant date fair value of the equity instruments granted; if the modification reduces the number of equity instruments granted to an employee, that reduction is accounted for as a cancellation of that portion of the grant; if the Company modifies the vesting conditions in a manner that is not beneficial to the employee, the Company does not take the modified vesting conditions into account.

If the Company cancels or settles a grant of equity instruments during the vesting period (other than that cancelled when the vesting conditions are not satisfied), the Company accounts for the cancellation or settlement as an acceleration of vesting, and therefore recognizes immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

(XXVI) Revenue

1. Revenue recognition principles

At contract inception, the Company shall assess the contracts and shall identify each performance obligation in the contracts, and determine whether the performance obligation should be satisfied over time or at a point in time.

The Company satisfies a performance obligation over time if one of the following criteria is met, otherwise, the performance obligation is satisfied at a point in time: (1) the customer simultaneously receives and consumes the economic benefits provided by the Company's performance as the Company performs; (2) the customer can control goods as they are created by the Company's performance; (3) goods created during the Company's performance have irreplaceable uses and the Company has an enforceable right to the payments for performance

completed to date during the whole contract period.

For each performance obligation satisfied over time, the Company shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation. In the circumstance that the progress cannot be measured reasonably, but the costs incurred in satisfying the performance obligation are expected to be recovered, the Company shall recognize revenue only to the extent of the costs incurred until it can reasonably measure the progress. For each performance obligation satisfied at a point in time, the Company shall recognize revenue at the time point that the customer obtains control of relevant goods or services. To determine whether the customer has obtained control of goods, the Company shall consider the following indications: (1) the Company has a present right to payments for the goods, i.e., the customer is presently obliged to pay for the goods; (2) the Company has transferred the legal title of the goods to the customer, i.e., the customer has legal title to the goods; (3) the Company has transferred physical possession of the goods to the customer, i.e., the customer has physically possessed the goods; (4) the Company has transferred significant risks and rewards of ownership of the goods to the customer, i.e., the customer has obtained significant risks and rewards of ownership of the goods; (5) the customer has accepted the goods; (6) other evidence indicating the customer has obtained control over the goods.

2. Revenue measurement principle

(1) Revenue is measured at the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer.

(2) If the consideration promised in a contract includes a variable amount, the Company shall confirm the best estimate of variable consideration at expected value or the most likely amount. However, the transaction price that includes the amount of variable consideration only to the extent that it is high probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(3) In the circumstance that the contract contains a significant financing component, the Company shall determine the transaction price based on the price that a customer would have paid for if the customer had paid cash for obtaining control over those goods or services. The difference between the transaction price and the amount of promised consideration is amortized under effective interest method over contractual period.

(4) For contracts containing two or more performance obligations, the Company shall determine the stand-alone selling price at contract inception of the distinct good underlying each performance obligation and allocate the transaction price to each performance obligation on a relative stand-alone selling price basis.

3. Revenue recognition method

(1) Product sales and processing services: According to the customer sales contract or order, the sales delivery order is issued and the shipment is completed. Revenue is recognized when the customer's goods receipt or delivery receipt or sales confirmation list is received, and the Company has collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company.

(2) Electricity fee income of subsidiaries engaged in the photovoltaic industry: For self-generated and self-used electricity, revenue is recognized based on the meter reading electricity fee settlement sheet confirmed by the electricity user; revenue for grid-connected electricity is recognized based on the settlement sheet of the State Grid.

(3) Transfer of asset use rights: Revenue is recognized when related economic benefits are highly probable to flow to the Company and the amount of revenue can be reliably measured. The amount of revenue from the transfer of asset use rights is determined in the following situations:

1) the amount of interest income is calculated at the effective interest rate based on the time of fund occupation.

2) for assets leased out under operating leases, the amount is determined based on the term that others have used the Company's assets and the rental calculation method agreed upon in the contract.

(XXVII) Costs to obtain a contract and costs to fulfill a contract

The Company recognizes as an asset the incremental costs to obtain a contract if those costs are expected to be recovered. If the costs incurred in fulfilling a contract are not within the scope of standards related to inventories, fixed assets or intangible assets, etc., the Company shall recognize the costs to fulfill a contract as an asset if all the following criteria are satisfied:

1. the costs relate directly to a contract or to an anticipated contract, including direct labor, direct materials, manufacturing overhead cost (or similar cost), costs that are explicitly chargeable to the customer under the contract, and other costs that are only related to the contract;

2. the costs enhance resources of the Company that will be used in satisfying performance obligations in the future; and

3. the costs are expected to be recovered.

An asset related to contract costs shall be amortized on a systematic basis that is consistent with related goods or services, with amortization included into profit or loss.

The Company shall make provision for impairment and recognize an impairment loss to the extent that the carrying amount of an asset related to contract costs exceeds the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates less the costs expected to be incurred. The Company shall recognize a reversal of an impairment loss previously recognized in profit or loss when the impairment conditions no longer exist or have improved. The carrying amount of the asset after the reversal shall not exceed the amount that would have been determined on the reversal date if no provision for impairment had been made previously.

(XXVIII) Contract assets, contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance obligations and customers' payments. Contract assets and contract liabilities under the same contract shall offset each other and be presented on a net basis.

The Company presents an unconditional right to consideration (i.e., only the passage of time is required before the consideration is due) as a receivable, and presents a right to consideration in exchange for goods that it has transferred to a customer (which is conditional on something other than the passage of time) as a contract asset.

The Company presents an obligation to transfer goods to a customer for which the Company has received consideration (or the amount is due) from the customer as a contract liability.

(XXIX) Government grants

1. Government grants shall be recognized if, and only if, the following conditions are all met: (1) the Company will comply with the conditions attaching to the grants; (2) the grants will be received. Monetary government grants are measured at the amount received or receivable. Non-monetary government grants are measured at fair value, and can be measured at nominal amount in the circumstance that fair value cannot be assessed.

2. Government grants related to assets

Government grants related to assets are government grants with which the Company purchases, constructs or otherwise acquires long-term assets under requirements of government. In the circumstances that there is no specific government requirement, the Company shall determine based on the primary condition to acquire the grants, and government grants related to assets are government grants whose primary condition is to construct or otherwise acquire long-term assets. They offset carrying amount of relevant assets, or they are recognized as deferred income. If

recognized as deferred income, they are included in profit or loss on a systematic basis over the useful lives of the relevant assets. Those measured at notional amount are directly included into profit or loss. For assets sold, transferred, disposed or damaged within the useful lives, balance of unamortized deferred income is transferred into profit or loss of the period in which the disposal occurred.

3. Government grants related to income

Government grants related to income are government grants other than those related to assets. For government grants that contain both parts related to assets and parts related to income, in which those two parts are blurred, they are thus collectively classified as government grants related to income. For government grants related to income used for compensating the related future cost, expenses or losses, they are recognized as deferred income and included in profit or loss or used to offset relevant cost during the period in which the relevant cost, expenses or losses are recognized; for government grants related to income used for compensating the related cost, expenses or losses incurred to the Company, they are directly included in profit or loss or used to offset relevant cost.

4. Government grants related to the ordinary course of business shall be included into other income or used to offset relevant cost based on business nature, while those not related to the ordinary course of business shall be included into non-operating revenue or expenditures.

5. Policy interest subvention

(1) In the circumstance that government appropriates interest subvention to lending bank, who provides loans for the Company with a policy subsidised interest rate, borrowings are carried at the amount received, with relevant borrowings cost computed based on the principal and the policy subsidised interest rate.

(2) In the circumstance that government directly appropriates interest subvention to the Company, the subsidised interest shall offset relevant borrowing cost.

(XXX) Deferred tax assets and deferred tax liabilities

1. Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

2. A deferred tax asset is recognized to the extent of the amount of the taxable income, which is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence indicating that it is probable that future taxable

income will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.

3. At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable income will be available.

4. The income tax and deferred tax for the period are treated as income tax expenses or income through profit or loss, excluding those arising from the following circumstances: (1) business combination; and (2) the transactions or items directly recognized in equity.

5. Deferred tax assets and deferred tax liabilities shall offset each other and be presented on a net basis when the following conditions are all met: (1) the Company has the legal right to settle off current tax assets against current tax liabilities; (2) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority on either: 1) the same taxable entity; or 2) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(XXXI) Leases

1. The Company as the lessee

At the commencement date, the Company recognizes a lease that has a lease term of 12 months or less as a short-term lease, which shall not contain a purchase option; the Company recognizes a lease as a lease of a low-value asset if the underlying asset is of low value when it is new. If the Company subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For all short-term leases and leases of low-value assets, lease payments are recognized as cost or profit or loss with straight-line method over the lease term.

Apart from the above-mentioned short-term leases and leases of low-value assets with simplified approach, the Company recognizes right-of-use assets and lease liabilities at the commencement date.

(1) Right-of-use assets

The right-of-use asset is measured at cost and the cost shall comprise: 1) the amount of the initial measurement of the lease liabilities; 2) any lease payments made at or before the commencement date, less any lease incentives received; 3) any initial direct costs incurred by the lessee; and 4) an

estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Company depreciates the right-of-use asset using the straight-line method. If it is reasonable to be certain that the ownership of the underlying asset can be acquired by the end of the lease term, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

(2) Lease liabilities

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate shall be used. Unrecognized financing expenses, calculated at the difference between the lease payment and its present value, are recognized as interest expenses over the lease term using the discount rate which has been used to determine the present value of lease payment and included in profit or loss. Variable lease payments not included in the measurement of lease liabilities are included in profit or loss in the periods in which they are incurred.

After the commencement date, if there is a change in the following items: 1) actual fixed payments; 2) amounts expected to be payable under residual value guarantees; 3) an index or a rate used to determine lease payments; 4) assessment result or exercise of purchase option, extension option or termination option, the Company remeasures the lease liability based on the present value of lease payments after changes, and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset is reduced to zero but there shall be a further reduction in the lease liability, the remaining amount shall be recognized into profit or loss.

2. The Company as the lessor

At the commencement date, the Company classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, it is classified as an operating lease.

(1) Operating lease

Lease receipts are recognized as lease income with straight-line method over the lease term. Initial direct costs incurred shall be capitalized, amortized on the same basis as the recognition of lease income, and included into profit or loss by installments. Variable lease payments related to operating lease which are not included in the lease payment are charged as profit or loss in the periods in which they are incurred.

(2) Finance lease

At the commencement date, the Company recognizes the finance lease payment receivable based on the net investment in the lease (sum of the present value of unguaranteed residual value and lease receipts that are not received at the commencement date, discounted by the interest rate implicit in the lease), and derecognizes assets held under the finance lease. The Company calculates and recognizes interest income using the interest rate implicit in the lease over the lease term.

Variable lease payments not included in the measurement of the net investment in the lease are charged as profit or loss in the periods in which they are incurred.

3. Sale and leaseback

(1) The Company as the lessee

In accordance with the “CASBE 14 – Revenues”, the Company would assess and determine whether the transfer of an asset in the sale and leaseback transaction is accounted for as a sale of that asset.

If the transfer of an asset is accounted for as a sale of the asset, the Company measures the right-of-use asset arising from the leaseback at the proportion of the original carrying amount of the asset that relates to the right of use retained by the Company. Accordingly, the Company recognizes only the amount of any gain or loss that relates to the rights transferred to the lessor.

Otherwise, the Company continues the recognition of the transferred assets, and recognizes a financial liability equal to the amount of transfer income in accordance with the “CASBE 22 – Financial Instruments: Recognition and Measurement” at the same time.

(2) The Company as the lessor

In accordance with the “CASBE 14 – Revenues”, the Company would assess and determine whether the transfer of an asset in the sale and leaseback transaction is accounted for as a sale of that asset.

If the transfer of an asset is accounted for as a sale of the asset, the Company accounts for the purchase of assets in accordance with other applicable standards, and accounts for the lease of assets in accordance with the “CASBE 21 – Leases”.

Otherwise, the Company does not recognize the transferred asset, but recognizes a financial asset equal to the amount of transfer income in accordance with the “CASBE 22 – Financial Instruments: Recognition and Measurement”.

(XXXII) Segment reporting

Operating segments are determined based on the structure of the Company's internal organization, management requirements and internal reporting system. An operating segment is a component of the Company:

1. that engages in business activities from which it may earn revenues and incur expenses;
2. whose financial performance is regularly reviewed by the Management to make decisions about resource to be allocated to the segment and to assess its performance; and
3. for which accounting information regarding financial position, financial performance and cash flows is available through analysis.

(XXXIII) Other significant accounting policies and estimates

1. Accounting treatment related to share repurchase

When the Company repurchases its shares for the purpose of reducing its registered capital or rewarding its employees, if the purchased shares are to be kept as treasury shares, the treasury shares are recorded at the cash distributed to existing shareholders for repurchase; if the purchased shares are to be retired, the difference between the total book value of shares retired and the cash distributed to existing shareholders for repurchase is to reduce capital reserve, or retained earnings when the capital reserve is not enough to reduce. If the Company repurchases vested equity instruments in equity-settled share-based payment transactions with employees, cost of treasury shares granted to employees and capital reserve (other capital reserve) accumulated within the vesting period are to be written off on the payment made to employees, with a corresponding adjustment in capital reserve (share premium).

(XXXIV) Significant changes in accounting policies

Changes in accounting policies arising from changes in CASBEs

1. The Company has adopted the regulations about classification of liabilities as current or non-current in the "Interpretation of China Accounting Standards for Business Enterprises No. 17" issued by the Ministry of Finance since January 1, 2024. Such change in accounting policies has no impact on the Company's financial statements.
2. The Company has adopted the regulations about disclosure of supplier finance arrangements in the "Interpretation of China Accounting Standards for Business Enterprises No. 17" issued by the Ministry of Finance since January 1, 2024.
3. The Company has adopted the regulations about accounting treatment of sale and leaseback transactions in the "Interpretation of China Accounting Standards for Business Enterprises No. 17" issued by the Ministry of Finance since January 1, 2024. Such change in accounting policies has no impact on the Company's financial statements.

4. The Company has adopted the regulations about accounting treatment of the assurance-type warranty not considered a separate performance obligation in the “Interpretation of China Accounting Standards for Business Enterprises No. 18” issued by the Ministry of Finance since January 1, 2024, and makes retrospective adjustments on the comparative information as follows:

Financial statement items significantly affected	Amounts affected
Items of income statement of 2023	
Operating cost	16,530,269.46
Selling expenses	-16,530,269.46

IV. Taxes

(I) Main taxes and tax rates

Taxes	Tax bases	Tax rates
Value-added tax (VAT)	The output tax calculated based on the revenue from sales of goods or rendering of services in accordance with the tax law, net of the input tax that is allowed to be deducted in the current period	13%, 9%, 6%, 5%, 3%
Consumption tax (Japan)	The difference between total sales and total purchases	10%, 8%
Land appreciation tax	The incremental amount arising from the transfer of state-owned land use right and the buildings and structures that are constructed on the land	30%
Housing property tax	For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of lease income	1.2%, 12%
Urban maintenance and construction tax	Turnover tax actually paid	7%, 5%, 1%
Education surcharge	Turnover tax actually paid	3%, 5%
Local education surcharge	Turnover tax actually paid	2%
Enterprise income tax	Taxable income	25%, 23.20%, 20%, 16.5%, 15%, 14%, 8.25%
Local income tax (Dusseldorf)	Taxable income	15.4%
Solidarity surcharge (Germany)	The actual corporate income tax paid	5.5%

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
Shanshan New Material (Hong Kong) Limited	8.25%
Shanshan New Material (Luxembourg) Sarl	14%
Shanghai Shanshan Technology Co., Ltd.	15%
Ningbo Shanshan New Materials Technology Co., Ltd.	15%
Chenzhou Shanshan New Materials Co., Ltd.	15%
Fujian Shanshan Technology Co., Ltd.	15%
Huzhou Shanshan New Energy Technology Co., Ltd.	15%
Inner Mongolia Shanshan Technology Co., Ltd.	15%
Inner Mongolia Shanshan New Materials Co., Ltd.	15%
Shanghai Shanshan New Materials Co., Ltd.	15%
Sichuan Shanshan New Materials Co., Ltd.	15%
Yunnan Shanshan New Materials Co., Ltd.	15%
Shanjin Optoelectronics (Guangzhou) Co., Ltd.	15%
Shanjin Optoelectronics (Nanjing) Co., Ltd.	15%
HongKong Shanshan Resources Co., Ltd.	16.5%
Shanshan New Materials (Finland) Co., Ltd.	20%
Taiwan Shanjin Optoelectronics Co., Ltd.	20%
Shanjin Tokyo Co., Ltd.	23.2%
Taxpayers other than the above-mentioned	25%

(II) Tax preferential policies

1. According to the list of high-tech enterprises accredited and filed by the government certification agency, Shanghai Shanshan Technology Co., Ltd., Ningbo Shanshan New Materials Technology Co., Ltd., Chenzhou Shanshan New Materials Co., Ltd., Fujian Shanshan Technology Co., Ltd., Huzhou Shanshan New Energy Technology Co., Ltd., Inner Mongolia Shanshan Technology Co., Ltd., Inner Mongolia Shanshan New Materials Co., Ltd., Sichuan Shanshan New Materials Co., Ltd., Yunnan Shanshan New Materials Co., Ltd., Shanjin Optoelectronics (Guangzhou) Co., Ltd., Shanjin Optoelectronics (Nanjing) Co., Ltd. have passed the high-tech enterprise certification and obtained the high-tech enterprise certificate, and are subject to a reduced rate of 15% for enterprise income tax.

2. Pursuant to the “Notice on Enterprise Income Tax Policies for Key Industries in the Lin-gang Special Area of the China (Shanghai) Pilot Free Trade Zone” (Cai Shui [2020] No. 38) issued by the Ministry of Finance and the State Taxation Administration and the “Administrative Measures for the Recognition of Enterprises in Key Industries Eligible for Preferential Enterprise Income

Tax in the Lin-gang Special Area of the China (Shanghai) Pilot Free Trade Zone” (Hu Cai Fa [2020] No. 12), the subsidiary Shanghai Shanshan New Materials Co., Ltd. was recognized as one of the first batch of enterprises in key industries eligible for preferential enterprise income tax in the Lin-gang Special Area in 2022, and its enterprise income tax shall be levied at a reduced rate of 15% for five years since 2021.

V. Notes to items of consolidated financial statements

(I) Notes to items of the consolidated balance sheet

1. Cash and bank balances

Items	Closing balance	Opening balance
Cash on hand	91,807.27	67,828.76
Cash in bank	1,843,427,935.99	3,978,930,722.91
Other cash and bank balances	927,128,412.06	876,726,911.05
Total	2,770,648,155.32	4,855,725,462.72
Including: Deposited overseas	90,909,125.00	72,830,896.93

2. Notes receivable

(1) Details

Items	Closing balance	Opening balance
Trade acceptance		585,465,243.69
Total		585,465,243.69

(2) Provision for bad debts

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	587,224,062.50	100.00	1,758,818.81	0.30	585,465,243.69
Including: Trade acceptance	587,224,062.50	100.00	1,758,818.81	0.30	585,465,243.69
Total	587,224,062.50	100.00	1,758,818.81	0.30	585,465,243.69

(3) Changes in provision for bad debts

Items	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery or reversal	Write-off	Others	
Receivables with provision made on a collective basis	1,758,818.81		1,758,818.81			
Total	1,758,818.81		1,758,818.81			

3. Accounts receivable

(1) Age analysis

Ages	Closing balance	Opening balance
Within 1 year	5,325,510,069.09	4,790,187,781.54
1-2 years	8,471,266.36	6,562,450.13
2-3 years	2,867,039.47	2,588,054.96
3-4 years	2,527,916.69	8,155,292.90
4-5 years	5,528,325.00	4,027,211.07
Over 5 years	4,909,877.39	59,736,929.82
Book balance	5,349,814,494.00	4,871,257,720.42
Less: Provision for bad debts	140,676,761.21	207,169,587.91
Carrying amount	5,209,137,732.79	4,664,088,132.51

(2) Provision for bad debts

1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	104,625,517.77	1.96	15,889,462.27	15.19	88,736,055.50
Receivables with provision made on a collective basis	5,245,188,976.23	98.04	124,787,298.94	2.38	5,120,401,677.29
Total	5,349,814,494.00	100.00	140,676,761.21	2.63	5,209,137,732.79

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	70,400,442.00	1.45	66,693,041.10	94.73	3,707,400.90
Receivables with provision made on a collective basis	4,800,857,278.42	98.55	140,476,546.81	2.93	4,660,380,731.61
Total	4,871,257,720.42	100.00	207,169,587.91	4.25	4,664,088,132.51

2) Accounts receivable with provision made on a collective basis using age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	5,237,806,069.09	120,545,060.20	2.30
1-2 years	2,375,058.36	337,243.03	14.20
2-3 years	1,858,395.39	755,542.32	40.66
Over 5 years	3,149,453.39	3,149,453.39	100.00
Subtotal	5,245,188,976.23	124,787,298.94	2.38

(3) Changes in provision for bad debts

Items	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery or reversal	Write-off	Others [Note]	
Receivables with provision made on an individual basis	66,693,041.10	1,255,894.17			-52,059,473.00	15,889,462.27
Receivables with provision made on a collective basis	140,476,546.81	-16,215,632.15		-526,384.28		124,787,298.94
Total	207,169,587.91	-14,959,737.98		-526,384.28	-52,059,473.00	140,676,761.21

Note: Other changes were due to changes in the consolidation scope in the current period. The Company disposed of Inner Mongolia Qingshan Automobile Co., Ltd. in the current period, and transferred out provision for bad debts of 52,059,473.00 yuan.

(4) Details of the top 5 debtors with largest balances of accounts receivable and contract assets

Debtors	Closing book balance			Proportion to the total balance of accounts receivable and contract assets (%)	Provision for bad debts of accounts receivable and provision for impairment of contract assets
	Accounts receivable	Contract assets	Subtotal		
Client A	1,343,180,739.42		1,343,180,739.42	25.11	67,159,036.97
Client B	609,406,265.53		609,406,265.53	11.39	30,470,313.28
Client C	574,873,488.96		574,873,488.96	10.75	28,743,674.45
Client D	338,871,845.26		338,871,845.26	6.33	16,943,592.26
Client E	289,827,894.88		289,827,894.88	5.42	14,491,394.74
Subtotal	3,156,160,234.05		3,156,160,234.05	59.00	157,808,011.70

4. Receivables financing

(1) Details

Items	Closing balance	Opening balance
Bank acceptance	40,178,673.10	819,020,204.62
CATL Financing Bonds	2,040,288.67	
Total	42,218,961.77	819,020,204.62

(2) Endorsed or discounted but undue receivables financing at the balance sheet date

Items	Closing balance derecognized
Bank acceptance	3,681,951,395.29
CATL Financing Bonds	86,646,530.53
Subtotal	3,768,597,925.82

Due to the fact that the acceptor of bank acceptance is commercial bank, which is of high credit level, there is very little possibility of failure in recoverability when it is due. Based on this fact, the Company derecognized the endorsed or discounted bank acceptance. However, if any bank acceptance is not recoverable when it is due, the Company still holds joint liability on such acceptance, according to the China Commercial Instrument Law.

Due to the fact that Contemporary Amperex Technology Co., Limited is a publicly listed company, which is of high credit level, there is very little possibility of failure in recoverability of CATL Financing Bonds issued by it and its affiliated entities when they are due. Beside, Contemporary Amperex Technology Co., Limited has signed a non-recourse discount agreement with the bank, therefore, the Company derecognized the discounted CATL Financing Bonds.

5. Advances paid

(1) Age analysis

Ages	Closing balance				Opening balance			
	Book balance	% to total	Provision for impairment	Carrying amount	Book balance	% to total	Provision for impairment	Carrying amount
Within 1 year	1,274,782,361.03	99.14		1,274,782,361.03	395,706,001.03	92.77		395,706,001.03
1-2 years	10,596,938.56	0.82		10,596,938.56	29,691,252.31	6.96		29,691,252.31
2-3 years	504,504.54	0.04		504,504.54	1,132,892.36	0.27		1,132,892.36
Over 3 years	26,055.70			26,055.70	800.70			800.70
Total	1,285,909,859.83	100.00		1,285,909,859.83	426,530,946.40	100.00		426,530,946.40

(2) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of advances paid (%)
Supplier A	721,317,710.97	56.09
Supplier B	116,633,154.76	9.07
Supplier C	68,029,300.00	5.29
Supplier D	36,677,835.96	2.85
Supplier E	32,818,109.35	2.55
Subtotal	975,476,111.04	75.85

6. Other receivables

(1) Details

Items	Closing balance	Opening balance
Interest receivable	117,071.97	
Dividend receivable	4,492,116.13	4,992,116.13
Other receivables	1,092,644,775.11	639,252,121.84
Total	1,097,253,963.21	644,244,237.97

(2) Interest receivable

Items	Closing balance	Opening balance
Time deposits	117,071.97	
Subtotal	117,071.97	

(3) Dividend receivable

Items	Closing balance	Opening balance
Shanghai Shanchuang Mining Investment Co., Ltd.	492,116.13	492,116.13
Suiyong Holding Co., Ltd.	4,000,000.00	4,500,000.00

Items	Closing balance	Opening balance
Subtotal	4,492,116.13	4,992,116.13

(4) Other receivables

1) Age analysis

Ages	Closing balance	Opening balance
Within 1 year	867,463,880.97	542,593,229.99
1-2 years	293,750,283.64	40,266,314.37
2-3 years	31,321,771.57	61,399,920.07
3-4 years	19,880,305.12	83,619,253.75
4-5 years	38,043,135.04	1,916,356.00
Over 5 years	21,491,965.07	26,257,311.84
Book balance	1,271,951,341.41	756,052,386.02
Less: Provision for bad debts	179,306,566.30	116,800,264.18
Carrying amount	1,092,644,775.11	639,252,121.84

2) Provision for bad debts

a. Details on categories

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	375,288,028.45	29.50	177,247,852.66	47.23	198,040,175.79
Receivables with provision made on a collective basis	896,663,312.96	70.50	2,058,713.64	0.23	894,604,599.32
Subtotal	1,271,951,341.41	100.00	179,306,566.30	14.10	1,092,644,775.11

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	180,958,988.12	23.93	97,280,118.25	53.76	83,678,869.87
Receivables with provision made on a collective basis	575,093,397.90	76.07	19,520,145.93	3.39	555,573,251.97
Subtotal	756,052,386.02	100.00	116,800,264.18	15.45	639,252,121.84

b. Significant other receivables with provision for bad debts made on an individual basis

Debtors	Opening balance		Closing balance			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Provision proportion (%)	Basis for provision made
Ningbo Liankangcai Brand Management Co., Ltd.	42,000,000.00	21,000,000.00	38,000,000.00	19,000,000.00	50.00	The final payment for the equity transfer receivable is overdue, posing a significant recovery risk. The transferee provided equity pledge guarantee.
Zhejiang Fanyue Technology Co., Ltd.	44,100,000.00	4,410,000.00	44,100,000.00	44,100,000.00	100.00	Overdue and expected to be irrecoverable
Putian Hualin Vegetable Base Co., Ltd.	13,372,982.07	13,372,982.07	13,372,982.07	13,372,982.07	100.00	The Company prevailed in the lawsuit, but the judgment is unenforceable.
Zhejiang Sunyes Zhongning New Energy Co., Ltd.			244,862,000.00	73,458,600.00	30.00	The payment is overdue, and the management judges that there is a certain risk of litigation. Please refer to section XIII (II) 1 of notes to the financial statements for details.
Subtotal	99,472,982.07	38,782,982.07	340,334,982.07	149,931,582.07	44.05	

c. Other receivables with provision made on a collective basis

Portfolios	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with riskless receivables	853,339,941.43		
Including: Portfolio grouped with financing deposits [Note 1]	23,443,296.00		
Portfolio grouped with deposits for SP service acquisition [Note 2]	637,997,335.00		
Portfolio grouped with government and state-owned funds [Note 3]	191,899,310.43		
Portfolio grouped accounts receivable	20,897,999.77	1,044,899.99	5.00
Portfolio grouped with security deposits	9,239,483.92	461,974.20	5.00
Portfolio grouped with advanced payment	12,950,102.06	540,050.16	4.17
Including: Monthly settlement of individual social insurance premium withheld in advance payment	2,149,098.86		
Portfolio grouped with petty cash	235,785.78	11,789.29	5.00
Subtotal	896,663,312.96	2,058,713.64	0.23

Note 1: No provision for bad debts was made as portfolio grouped with financing deposits has no risk of non-repayment.

Note 2: No provision for bad debts was made as portfolio grouped with deposits for SP service acquisition has no risk of non-repayment.

Note 3: No provision for bad debts was made as portfolio grouped with government and state-owned funds has no risk of non-repayment.

3) Changes in provision for bad debts

Items	Stage 1	Stage 2	Stage 3	Subtotal
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	19,520,145.93	65,196,301.68	32,083,816.57	116,800,264.18
Opening balance in the current period	—	—	—	
--Transferred to stage 2	-16,743,100.00	16,743,100.00		
--Transferred to stage 3		-4,410,000.00	4,410,000.00	
--Reversed to stage 2				
--Reversed to stage 1				
Provision made in the current period	-718,332.29	64,456,400.05	40,626,526.19	104,364,593.95
Provision recovered or reversed in the current period		13,610,635.00		13,610,635.00
Provision written off in the current period				
Others changes [Note]		-28,247,656.83		-28,247,656.83
Closing balance	2,058,713.64	100,127,509.90	77,120,342.76	179,306,566.30
Provision proportion (%)	0.23	33.58	100.00	14.10

Note: Other changes were due to changes in the consolidation scope in the current period. The Company disposed of Inner Mongolia Qingshan Automobile Co., Ltd. in the current period, and transferred out provision for bad debts of 28,247,656.83 yuan.

4) Details of the top 5 debtors with largest balances

Debtors	Nature of receivables	Closing book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts at the balance sheet date
LG Chemistry (China) Investment Co., Ltd.	Security deposits	637,997,335.00	Within 1 year	50.16	
Zhejiang Sunyes Zhongning New Energy Co., Ltd.	Equity transfer payment	244,862,000.00	1-2 years	19.25	73,458,600.00
Ningbo Haishu Industry & City Ecological Construction Co., Ltd.	Asset disposal funds, security deposits	190,112,000.00	Within 1 year	14.95	
Zhejiang Fanyue Technology Co., Ltd.	Equity transfer payment	44,100,000.00	1-2 years	3.47	44,100,000.00
Ningbo Liankangcai Brand Management Co.,	Equity transfer payment	38,000,000.00	4-5 years	2.99	19,000,000.00

Debtors	Nature of receivables	Closing book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts at the balance sheet date
Ltd.					
Subtotal		1,155,071,335.00		90.82	136,558,600.00

7. Inventories

(1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for write-down	Carrying amount	Book balance	Provision for write-down	Carrying amount
Materials in transit	335,923,398.26		335,923,398.26	356,609,961.79		356,609,961.79
Raw materials	1,034,083,552.12	15,701,063.66	1,018,382,488.46	958,815,977.30	17,325,082.48	941,490,894.82
Work in process	2,155,425,767.21	95,880,137.77	2,059,545,629.44	1,776,005,489.69	128,711,771.92	1,647,293,717.77
Goods on hand	1,482,201,564.10	76,499,768.67	1,405,701,795.43	1,433,553,267.87	102,865,754.53	1,330,687,513.34
Materials on consignment for further processing	293,103,944.24	22,272,837.68	270,831,106.56	397,923,683.15	15,913,549.98	382,010,133.17
Packages and low-value consumables	60,248,340.18		60,248,340.18	93,170,345.30	1,074,511.55	92,095,833.75
Revolving materials	825,961,161.81	980,810.49	824,980,351.32	606,116,123.60		606,116,123.60
Total	6,186,947,727.92	211,334,618.27	5,975,613,109.65	5,622,194,848.70	265,890,670.46	5,356,304,178.24

(2) Provision for inventory write-down

1) Details

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Others	Reversal or transfer-out	Others [Note]	
Raw materials	17,325,082.48	4,005,665.99			5,629,684.81	15,701,063.66
Work in process	128,711,771.92	72,050,305.28		69,157,892.51	35,724,046.92	95,880,137.77
Goods on hand	102,865,754.53	20,938,401.86		47,304,387.72		76,499,768.67
Materials on consignment for further processing	15,913,549.98	6,359,287.70				22,272,837.68
Packages and low-value consumables	1,074,511.55				1,074,511.55	
Revolving materials		980,810.49				980,810.49
Total	265,890,670.46	104,334,471.32		116,462,280.23	42,428,243.28	211,334,618.27

Note: Other changes were due to changes in the consolidation scope in the current period. The Company disposed of Inner Mongolia Qingshan Automobile Co., Ltd. in the current period, and transferred out provision for inventory write-down of 42,428,243.28 yuan.

2) Determination basis of net realizable value and reasons for the reversal or transfer-out of provision for inventory write-down

Items	Determination basis of net realizable value	Reasons for reversal of provision for inventory write-down	Reasons for transfer-out of provision for inventory write-down
Raw materials	Estimated selling price of relevant finished goods less cost to be incurred upon completion, estimated selling expenses, and relevant taxes and surcharges		Inventories with provision for inventory write-down made in preceding period were used in the current period.
Work in process			
Materials on consignment for further processing			
Revolving materials			
Goods on hand	Estimated selling price of relevant finished goods less cost of inventories, estimated selling expenses, and relevant taxes and surcharges	Net realizable value of inventories with provision for inventory write-down made in preceding period increased	Inventories with provision for inventory write-down made in preceding period were sold in the current period.

8. Assets held for sale

(1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Ningbo Ulica Solar Co., Ltd. and its subsidiaries				510,478,436.95	5,663,253.88	504,815,183.07
Total				510,478,436.95	5,663,253.88	504,815,183.07

(2) Provision for impairment of assets held for sale

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Others	Reversal	Others	
Ningbo Ulica Solar Co., Ltd. and its subsidiaries	5,663,253.88				5,663,253.88	
Total	5,663,253.88				5,663,253.88	

(3) Other remarks

Pursuant to the resolution by the all shareholders of Ningbo Ulica Solar Co., Ltd., it was agreed that all equity held by shareholders could be transferred to external parties, and all shareholders signed an equity transfer agreement with the transferee in December 2023, with a total consideration of 77 million yuan. Among this, the consideration attributable to the 90.035% of equity held by the Company amounted to 69.327 million yuan. On January 31, 2024, both parties finalized the equity transfer upon completion of all required legal procedures. In the current period, provision for impairment of assets held for sale was transferred out accordingly.

9. Non-current assets due within one year

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Long-term receivables due within one year				43,356,102.91		43,356,102.91
Total				43,356,102.91		43,356,102.91

10. Other current assets

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Prepaid income tax	21,084,957.71		21,084,957.71	183,351,132.59		183,351,132.59
Input VAT to be credited	861,231,027.10		861,231,027.10	1,050,076,448.31		1,050,076,448.31
Other prepaid taxes	730,395.00		730,395.00	734,568.82		734,568.82
Total	883,046,379.81		883,046,379.81	1,234,162,149.72		1,234,162,149.72

11. Long-term equity investments

(1) Categories

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in joint ventures	104,472,187.65		104,472,187.65	134,407,552.35		134,407,552.35
Investments in associates	6,638,978,099.83	427,043,542.43	6,211,934,557.40	7,105,312,624.22	167,625,111.39	6,937,687,512.83
Total	6,743,450,287.48	427,043,542.43	6,316,406,745.05	7,239,720,176.57	167,625,111.39	7,072,095,065.18

(2) Details

Investees	Opening balance		Increase/Decrease			
	Carrying amount	Provision for impairment	Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Joint ventures						
Ningbo Levineng Energy Storage System Co., Ltd.	134,407,552.35				-29,935,364.70	
Subtotal	134,407,552.35				-29,935,364.70	
Associates						
BASF Shanshan Battery Materials Co., Ltd.	3,813,792,927.57				-179,858,266.93	
Zhejiang Chouzhou Commercial Bank Co., Ltd.	1,616,722,599.68	137,050,000.00			88,595,157.86	6,465,959.04
Suiyong Holding Co., Ltd.	858,249,784.06				-341,694,375.47	-3,350,304.38

Investees	Opening balance		Increase/Decrease			
	Carrying amount	Provision for impairment	Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Sunyes Shanshan Advanced Materials Technology (Quzhou) Co., Ltd.	256,000,000.00	30,575,111.39			-41,741,260.13	
Ningbo Airport Logistics Development Co., Ltd.	177,078,005.33				6,630,157.99	
Inner Mongolia Mengji New Carbon Materials Co., Ltd.	90,529,485.36				-8,350,292.34	
Shanshan Brand Management Co., Ltd.	49,156,202.20				6,425,313.97	
Ningbo Shanqi Property Service Co., Ltd.	38,686,044.96				-720,466.14	
Jiangxi Zhanxiao New Energy Technology Co., Ltd.	15,527,859.97				-3,154,812.93	
Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd.	13,538,057.53				58,321.87	
Shenzhen Yuanshan Private Equity Investment Management Co., Ltd.	4,561,404.34				-740,555.86	
Suzhou Shanyue Energy System Co., Ltd.	3,845,141.83				-387,439.61	
Winsky High-tech Group Co., Ltd.						
Subtotal	6,937,687,512.83	167,625,111.39			-474,938,517.72	3,115,654.66
Total	7,072,095,065.18	167,625,111.39			-504,873,882.42	3,115,654.66

(Continued)

Investees	Increase/Decrease				Closing balance	
	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others	Carrying amount	Provision for impairment
Joint ventures						
Ningbo Levineng Energy Storage System Co., Ltd.					104,472,187.65	
Subtotal					104,472,187.65	
Associates						
BASF Shanshan Battery Materials Co., Ltd.			189,934,660.64		3,444,000,000.00	189,934,660.64
Zhejiang Chouzhou Commercial Bank Co., Ltd.	65,558.35				1,711,849,274.93	137,050,000.00
Suiyong Holding Co., Ltd.	7,489,548.32				520,694,652.53	
Sunyes Shanshan Advanced Materials Technology (Quzhou) Co., Ltd.			48,658,739.87		165,600,000.00	79,233,851.26
Ningbo Airport Logistics Development Co., Ltd.					183,708,163.32	
Inner Mongolia Mengji New Carbon Materials Co., Ltd.			20,825,030.53		61,354,162.49	20,825,030.53
Shanshan Brand Management Co., Ltd.		2,066,768.00			53,514,748.17	

Investees	Increase/Decrease				Closing balance	
	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others	Carrying amount	Provision for impairment
Ningbo Shanqi Property Service Co., Ltd.					37,965,578.82	
Jiangxi Zhanxiao New Energy Technology Co., Ltd.					12,373,047.04	
Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd.					13,596,379.40	
Shenzhen Yuanshan Private Equity Investment Management Co., Ltd.					3,820,848.48	
Suzhou Shanyue Energy System Co., Ltd.					3,457,702.22	
Winsky High-tech Group Co., Ltd.						
Subtotal	7,555,106.67	2,066,768.00	259,418,431.04		6,211,934,557.40	427,043,542.43
Total	7,555,106.67	2,066,768.00	259,418,431.04		6,316,406,745.05	427,043,542.43

(3) Impairment test on long-term equity investments

Recoverable amount determined based on the fair value less costs of disposal

Items	Carrying amount before impairment	Recoverable amount	Provision for impairment
BASF Shanshan Battery Materials Co., Ltd.	3,633,934,660.64	3,444,000,000.00	189,934,660.64
Sunyes Shanshan Advanced Materials Technology (Quzhou) Co., Ltd.	214,258,739.87	165,600,000.00	48,658,739.87
Inner Mongolia Mengji New Carbon Materials Co., Ltd.	82,179,193.02	61,354,162.49	20,825,030.53
Subtotal	3,930,372,593.53	3,670,954,162.49	259,418,431.04

(Continued)

Items	Determination method of fair value and costs of disposal	Key parameters and determination basis
BASF Shanshan Battery Materials Co., Ltd.	Market approach	The value ratio is PB (price-to-book ratio), the listed company comparison method
Sunyes Shanshan Advanced Materials Technology (Quzhou) Co., Ltd.	Market approach	The value ratio is PB (price-to-book ratio), the listed company comparison method
Inner Mongolia Mengji New Carbon Materials Co., Ltd.	Based on the transfer agreement price signed on April 2, 2025	Transfer price
Subtotal		

12. Other equity instrument investments

(1) Details

Items	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Gains or losses included into other comprehensive income in the current period	Others [Note]
Other equity instrument investments - Listed equity instrument investments	794,706,655.01		532,918,462.82	427,077,648.70	-609,929,522.36
Other equity instrument investments - Unlisted equity instrument investments	47,550,000.00				
Total	842,256,655.01		532,918,462.82	427,077,648.70	-609,929,522.36

(Continued)

Items	Closing balance	Dividend income recognized in the current period	Accumulated gains or losses included into other comprehensive income at the end of the period
Other equity instrument investments - Listed equity instrument investments	78,936,318.53	12,043,068.75	-85,002,838.19
Other equity instrument investments - Unlisted equity instrument investments	47,550,000.00		
Total	126,486,318.53	12,043,068.75	-85,002,838.19

Note: It refers to the balance transferred from other comprehensive income to retained earnings in the current period.

(2) Reasons for equity instrument investments designated as at fair value through other comprehensive income

Such investments are not aimed at short-term trading or short-term profit, but are part of a long-term strategic holding, with the plan to hold them for the long term to achieve capital appreciation and other objectives.

(3) Other equity instrument investments derecognized in the current period

Items	Fair value when derecognized	Accumulated gains or losses transferred into retained earnings due to derecognition	Reasons for derecognition
Other equity instrument investments - Listed equity instrument investments	1,156,360,503.24	457,447,141.76	A portion of shares was transferred through the exchange's block trading system
Subtotal	1,156,360,503.24	457,447,141.76	

13. Other non-current financial assets

Items	Closing balance	Opening balance
Financial assets classified as at fair value through profit or loss	237,037,307.86	202,225,284.01
Including: Equity investments	237,037,307.86	202,225,284.01
Total	237,037,307.86	202,225,284.01

14. Fixed assets

(1) Details

Items	Closing balance	Opening balance
Fixed assets	14,254,373,934.25	10,912,682,083.74
Disposal of fixed assets	1,723,162.68	4,411,720.35
Total	14,256,097,096.93	10,917,093,804.09

(2) Fixed assets

1) Details

Items	Buildings and structures	Machinery	Transport facilities	Other equipment	Fixed asset renovation	Total
Cost						
Opening balance	5,432,675,857.31	8,470,198,468.52	41,264,249.18	227,209,538.06	6,889,118.96	14,178,237,232.03
Increase	1,328,804,352.86	3,761,967,049.34	6,954,425.19	66,252,596.42	541,825.12	5,164,520,248.93
1) Acquisition	11,217,972.35	46,109,806.08	2,648,820.90	7,956,442.98	541,825.12	68,474,867.43
2) Transferred in from construction in progress	1,421,425,695.44	3,363,894,576.16	4,258,595.75	58,502,790.86		4,848,081,658.21
3) Exchange rate changes	-4,664,170.44	-871,151.75		-256,344.40		-5,791,666.59
4) Transferred in from right-of-use assets		251,745,911.40				251,745,911.40
5) Adjustment on items	-101,137,614.43	101,087,907.45		49,706.98		
6) Others	1,962,469.94		47,008.54			2,009,478.48
Decrease	769,253,682.66	165,127,008.05	10,230,058.15	12,095,187.73	146,800.53	956,852,737.12
1) Disposal/ Scrapping	596,100,834.58	108,201,879.40	4,471,869.55	10,193,932.51		718,968,516.04
2) Transferred out to construction in progress	896,114.20	925,386.64				1,821,500.84
3) Reduction in the consolidation scope	139,923,709.80	53,943,946.06	5,721,222.21	1,901,255.22		201,490,133.29
4) Transferred out to intangible assets	32,333,024.08					32,333,024.08
5) Others		2,055,795.95	36,966.39		146,800.53	2,239,562.87
Closing balance	5,992,226,527.51	12,067,038,509.81	37,988,616.22	281,366,946.75	7,284,143.55	18,385,904,743.84

Items	Buildings and structures	Machinery	Transport facilities	Other equipment	Fixed asset renovation	Total
Accumulated depreciation						
Opening balance	734,201,293.13	2,145,294,496.85	19,012,011.96	107,517,158.10	4,362,986.14	3,010,387,946.18
Increase	185,232,968.93	1,072,563,040.05	4,615,460.91	32,331,444.13	754,262.35	1,295,497,176.37
1) Accrual	186,868,027.02	1,009,194,334.02	4,615,460.91	32,330,106.54	754,262.35	1,233,762,190.84
2) Transferred in from right-of-use assets		61,722,825.53				61,722,825.53
3) Adjustment on items	-1,635,058.09	1,633,720.50		1,337.59		
4) Others		12,160.00				12,160.00
Decrease	306,380,256.59	67,839,559.90	7,405,521.91	8,983,480.74		390,608,819.14
1) Disposal/ Scrapping	261,552,151.22	51,559,897.76	3,752,863.13	7,124,918.24		323,989,830.35
2) Transferred out to construction in progress	445,612.13	73,259.65				518,871.78
3) Reduction in the consolidation scope	30,883,616.61	16,201,610.53	3,648,543.90	1,822,570.19		52,556,341.23
4) Transferred out to intangible assets	13,498,876.63					13,498,876.63
5) Others		4,791.96	4,114.88	35,992.31		44,899.15
Closing balance	613,054,005.47	3,150,017,977.00	16,221,950.96	130,865,121.49	5,117,248.49	3,915,276,303.41
Provision for impairment						
Opening balance		198,491,032.54	6,462,072.17	50,214,097.40		255,167,202.11
Increase		5,033,207.25				5,033,207.25
1) Accrual		5,033,207.25				5,033,207.25
Decrease		41,840,136.00	2,028,450.98	77,316.20		43,945,903.18
1) Disposal/ Scrapping		4,119,462.49				4,119,462.49
2) Reduction in the consolidation scope		37,720,673.51	2,028,450.98	77,316.20		39,826,440.69
Closing balance		161,684,103.79	4,433,621.19	50,136,781.20		216,254,506.18
Carrying amount						
Closing carrying amount	5,379,172,522.04	8,755,336,429.02	17,333,044.07	100,365,044.06	2,166,895.06	14,254,373,934.25
Opening carrying amount	4,698,474,564.18	6,126,412,939.13	15,790,165.05	69,478,282.56	2,526,132.82	10,912,682,083.74

2) Fixed assets temporarily idle

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount	Remarks
Buildings and structures	69,047,000.00	34,616,657.43		34,430,342.57	
Machinery	251,806,763.59	129,168,698.54	86,200,757.00	36,437,308.05	

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount	Remarks
Transport facilities	140,500.00	123,687.24		16,812.76	
Other equipment	10,710,600.52	9,305,436.86	145,109.12	1,260,054.54	
Subtotal	331,704,864.11	173,214,480.07	86,345,866.12	72,144,517.92	

3) Fixed assets leased out under operating leases

Items	Closing carrying amount
Buildings and structures	66,944,689.40
Subtotal	66,944,689.40

4) Fixed assets with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Buildings and structures	1,779,897,205.88	Self-built factory, the certificate is still in processing.
Subtotal	1,779,897,205.88	

(3) Disposal of fixed assets

Items	Closing balance	Opening balance
Fixed assets	1,723,162.68	4,411,720.35
Subtotal	1,723,162.68	4,411,720.35

15. Construction in progress

(1) Details

Items	Closing balance	Opening balance
Construction in progress	3,717,584,135.87	5,548,573,232.36
Construction materials	71,533,643.64	32,169,523.19
Total	3,789,117,779.51	5,580,742,755.55

(2) Construction in progress

1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Polarizer Guangzhou 3#4# production line				3,882,163.42		3,882,163.42
Polarizer technical transformation and RTP addition	153,912,614.70		153,912,614.70	251,412,606.82		251,412,606.82
LCD polarizer production line project (Zhangjiagang) with an annual production of 40 million square meters	13,455,711.02		13,455,711.02	1,022,952,657.57		1,022,952,657.57
Polarizer Mianyang production base project	429,325,629.17		429,325,629.17	218,557,000.44		218,557,000.44
Shanghai new material new R&D base	41,276,458.60		41,276,458.60	479,897,126.26		479,897,126.26

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Sichuan Meishan lithium-ion battery anode material integrated base project with an annual production of 200,000 tons	70,678,945.14		70,678,945.14	1,175,396,894.34		1,175,396,894.34
Inner Mongolia Baotou lithium-ion battery anode material integrated base project (Phase II)	7,453,996.35		7,453,996.35	12,378,040.53		12,378,040.53
Negative electrode Fujian Phase II project	36,778,086.47		36,778,086.47	37,113,952.30		37,113,952.30
Anode material capacity expansion supporting project	28,840,158.57		28,840,158.57	37,840,355.05		37,840,355.05
Yunnan Anning lithium-ion battery negative electrode material integrated base project with an annual production of 300,000 tons	2,370,783,843.22		2,370,783,843.22	1,850,297,530.80		1,850,297,530.80
Lithium-ion battery silicon-based anode material integrated base project with an annual production of 40,000 tons	558,048,820.55		558,048,820.55	381,520,926.97		381,520,926.97
Inner Mongolia negative electrode phase III crushing project with an annual production of 40,000 tons	4,093,378.47		4,093,378.47	72,669,753.55		72,669,753.55
SP project				3,961,543.98		3,961,543.98
Others	2,936,493.61		2,936,493.61	692,680.33		692,680.33
Total	3,717,584,135.87		3,717,584,135.87	5,548,573,232.36		5,548,573,232.36

2) Changes in significant projects

Projects	Budgets	Opening balance	Increase	Transferred to fixed assets	Other decreases	Closing balance
LCD polarizer production line project (Zhangjiagang) with an annual production of 40 million square meters	2.187 billion	1,022,952,657.57	137,836,093.93	1,145,312,514.52	2,020,525.96	13,455,711.02
Polarizer Mianyang production base project	3.50 billion	218,557,000.44	210,768,628.73			429,325,629.17
Shanghai new material new R&D base	0.60 billion	479,897,126.26	77,330,994.57	515,508,542.97	443,119.26	41,276,458.60
Sichuan Meishan lithium-ion battery anode material integrated base project with an annual production of 200,000 tons	8.00 billion (Phase I: 4.20 billion)	1,175,396,894.34	472,349,872.95	1,574,678,007.99	2,389,814.16	70,678,945.14
Yunnan Anning lithium-ion battery anode material integrated base project with an annual production of 300,000 tons	9.70 billion	1,850,297,530.80	1,427,407,787.09	905,850,370.05	1,071,104.62	2,370,783,843.22
Lithium-ion battery silicon-based anode material integrated base project with an annual production of 40,000 tons	3.75 billion	381,520,926.97	326,957,783.88	150,429,890.30		558,048,820.55
Subtotal		5,128,622,136.38	2,652,651,161.15	4,291,779,325.83	5,924,564.00	3,483,569,407.70

(Continued)

Projects	Accumulated input to budget (%)	Completion percentage	Accumulated amount of borrowing cost capitalization	Amount of borrowing cost capitalization in the current period	Annual capitalization rate (%)	Source of funds
LCD polarizer production line project (Zhangjiagang) with an annual production of 40 million square meters	84.22	Basically completed	46,033,573.91	19,842,710.58	4.20	Self-raised funds and borrowings
Polarizer Mianyang production base project	14.01	The factory building is still under construction	1,862,583.33	1,788,694.44	3.59	Self-raised funds and borrowings
Shanghai new material new R&D base	100.34	Basically completed	14,540,782.33	10,355,802.88	4.00	Self-raised funds
Sichuan Meishan lithium-ion battery anode material integrated base project with an annual production of 200,000 tons	52.30	Phase I has been delivered, and phase II is under construction	150,597,688.95	65,036,621.60	4.40	Raised funds, self-raised funds and borrowings
Yunnan Anning lithium-ion battery anode material integrated base project with an annual production of 300,000 tons	23.79	Phase I is basically completed, and the equipment has entered the commissioning stage; phase II is under construction	93,539,867.02	60,597,609.87	3.85	Self-raised funds and borrowings
Lithium-ion battery silicon-based anode material integrated base project with an annual production of 40,000 tons	10.00	The factory building is still under construction	16,095,749.71	13,764,863.61	3.45	Self-raised funds and borrowings
Subtotal			322,670,245.25	171,386,302.98		

(3) Construction materials

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Graphitization furnace project materials	71,533,643.64		71,533,643.64	32,169,523.19		32,169,523.19
Subtotal	71,533,643.64		71,533,643.64	32,169,523.19		32,169,523.19

16. Right-of-use assets

Items	Buildings and structures	Machinery	Premises	Transport facilities	Others	Total
Cost						
Opening balance	1,012,096,679.81	540,706,991.13	5,893,048.67	78,244,637.97	4,347,761.69	1,641,289,119.27
Increase	34,068,640.06	46,432,747.58				80,501,387.64
1) Leased in	34,068,640.06	46,432,747.58				80,501,387.64
Decrease	41,781,508.42	251,843,256.53	5,893,048.67	78,244,637.97	2,108,701.12	379,871,152.71
1) Disposal	41,695,084.35	97,345.13	5,708,691.85	78,244,637.97	2,102,696.19	127,848,455.49
2) Transferred to fixed assets		251,745,911.40				251,745,911.40
3) Exchange rate changes	86,424.07		184,356.82		6,004.93	276,785.82
Closing balance	1,004,383,811.45	335,296,482.18			2,239,060.57	1,341,919,354.20

Items	Buildings and structures	Machinery	Premises	Transport facilities	Others	Total
Accumulated depreciation						
Opening balance	128,653,320.26	44,034,028.76	886,112.78	45,185,314.64	3,569,427.06	222,328,203.50
Increase	68,774,562.11	36,953,657.06	193,424.34	18,891,041.90	669,088.93	125,481,774.34
1) Accrual	68,774,562.11	36,953,657.06	193,424.34	18,891,041.90	669,088.93	125,481,774.34
Decrease	15,454,224.25	61,735,415.50	1,079,537.12	64,076,356.54	2,084,846.09	144,430,379.50
1) Disposal	15,412,791.49		1,046,593.51	64,076,356.54	2,081,430.74	82,617,172.28
2) Transferred to fixed assets		61,735,415.50				61,735,415.50
3) Exchange rate changes	41,432.76		32,943.61		3,415.35	77,791.72
Closing balance	181,973,658.12	19,252,270.32			2,153,669.90	203,379,598.34
Provision for impairment						
Opening balance						
Increase						
Decrease						
Closing balance						
Carrying amount						
Closing carrying amount	822,410,153.33	316,044,211.86			85,390.67	1,138,539,755.86
Opening carrying amount	883,443,359.55	496,672,962.37	5,006,935.89	33,059,323.33	778,334.63	1,418,960,915.77

17. Intangible assets

(1) Details

Items	Land use right	Patent right	Software and others	Customer relationship	Total
Cost					
Opening balance	1,446,915,825.27	710,574,630.67	114,559,286.51	153,000,000.00	2,425,049,742.45
Increase	116,152,487.23		12,034,544.88		128,187,032.11
1) Acquisition	83,697,035.15		12,068,819.45		95,765,854.60
2) Exchange rate changes			-34,274.57		-34,274.57
3) Transferred in from fixed assets	32,333,024.08				32,333,024.08
4) Others	122,428.00				122,428.00
Decrease	160,667,683.64		372,784.64		161,040,468.28
1) Disposal	125,180,627.92		317,926.51		125,498,554.43
2) Reduction in the consolidation scope	35,487,055.72		54,858.13		35,541,913.85
Closing balance	1,402,400,628.86	710,574,630.67	126,221,046.75	153,000,000.00	2,392,196,306.28

Items	Land use right	Patent right	Software and others	Customer relationship	Total
Accumulated amortization					
Opening balance	115,259,426.04	213,032,362.55	51,658,264.28	44,625,000.00	424,575,052.87
Increase	44,951,699.82	65,066,417.91	9,536,057.91	15,300,000.00	134,854,175.64
1) Accrual	31,452,823.18	65,066,417.91	9,536,057.91	15,300,000.00	121,355,299.00
2) Transferred in from fixed assets	13,498,876.64				13,498,876.64
Decrease	52,086,101.27		194,230.00		52,280,331.27
1) Disposal	46,940,478.06		139,371.87		47,079,849.93
2) Reduction in the consolidation scope	5,145,623.21		54,858.13		5,200,481.34
Closing balance	108,125,024.59	278,098,780.46	61,000,092.19	59,925,000.00	507,148,897.24
Provision for impairment					
Opening balance			427,750.81		427,750.81
Increase					
1) Accrual					
Decrease					
1) Disposal					
Closing balance			427,750.81		427,750.81
Carrying amount					
Closing carrying amount	1,294,275,604.27	432,475,850.21	64,793,203.75	93,075,000.00	1,884,619,658.23
Opening carrying amount	1,331,656,399.23	497,542,268.12	62,473,271.42	108,375,000.00	2,000,046,938.77

(2) Individual intellectual property with significant influence

The patent rights include intellectual property related to the acquisition of the LCD polarizer business in 2021, primarily consisting of ownership and application rights for 1,071 patented technologies, 1,843 proprietary technologies (Know-How), with a net value of 395 million yuan at the balance sheet date.

18. Goodwill

(1) Details

Investees or events resulting in goodwill	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Huzhou Shanshan New Energy Technology Co., Ltd.	148,044,702.20	148,044,702.20		148,044,702.20	148,044,702.20	
Polarizer business	879,235,149.99	50,914,431.44	828,320,718.55	879,235,149.99		879,235,149.99
Total	1,027,279,852.19	198,959,133.64	828,320,718.55	1,027,279,852.19	148,044,702.20	879,235,149.99

(2) Cost

Investees or events resulting in goodwill	Opening balance	Increase due to business combination in the current period	Decrease		Closing balance
			Disposal	Others	
Huzhou Shanshan New Energy Technology Co., Ltd.	148,044,702.20				148,044,702.20
Polarizer business	879,235,149.99				879,235,149.99
Total	1,027,279,852.19				1,027,279,852.19

(3) Provision for impairment

Investees or events resulting in goodwill	Opening balance	Provision made in the current period	Disposal	Closing balance
Huzhou Shanshan New Energy Technology Co., Ltd.	148,044,702.20			148,044,702.20
Polarizer business		50,914,431.44		50,914,431.44
Total	148,044,702.20	50,914,431.44		198,959,133.64

(4) Related information of asset groups or asset group portfolios which include goodwill

1) Asset groups or asset group portfolios

Asset groups or asset group portfolios	Composition of asset groups or asset group portfolios and its basis	Operating segment and its basis	Whether asset groups or asset group portfolios are consistent with those at acquisition date/at goodwill impairment testing date in previous years
Huzhou Shanshan New Energy Technology Co., Ltd.	Acquisition of the business of manufacturing anode materials for lithium-ion batteries	Lithium battery materials segment	Yes
Polarizer business	Acquisition of LG Chem's LCD polarizer business and related assets in the mainland and Taiwan of China, and South Korea	Polarizer segment	Yes

(5) Specific method for determining recoverable amount

Recoverable amount determined based on the present value of estimated future cash flows

Items	Carrying amount of asset groups or asset group portfolios which include goodwill before impairment	Recoverable amount	Provision for impairment
Polarizer business	7,106,914,431.44	7,056,000,000.00	50,914,431.44
Subtotal	7,106,914,431.44	7,056,000,000.00	50,914,431.44

(Continued)

Items	Forecast period (years)	Parameters including revenue growth rate and profit margin for forecast period and their determination basis	Parameters including revenue growth rate and profit margin for stable period and their determination basis	Discount rate and its determination basis
Polarizer business	5	Based on historical experience and market development forecasts, the Company has determined that the revenue growth rates during the forecast period (2025-2029) will be 0.38%, 0.6%, 0.08%, 0.16%, and 0.73%, respectively, and the pre-tax profit margins will be 4.29%, 5.63%, 6.96%, 7.78%, and 8.62%, respectively.	Based on historical experience and market development forecasts, the Company has determined that the forecast period will reach stability in the fifth year, the growth rate in the sixth year and the perpetual period will be 0, and the parameters such as revenue and profit margin will remain the same as in the fifth year of the forecast period.	The Company determined the discount rate was 10.15% based on the market time value of currency and the pre-tax interest rate of the specific risks of the relevant asset groups.
Subtotal				

19. Long-term prepayments

Items	Opening balance	Increase	Amortization	Other changes	Closing balance
Improvement expenditures on leased-in fixed assets	48,937,422.96	15,506,563.71	28,809,546.22	4,183.91	35,630,256.54
Amortization of revolving materials	20,542,760.59	1,727,345.15	2,659,237.13		19,610,868.61
Others	23,549,439.13	33,798,528.32	35,714,567.30	3,189,961.79	18,443,438.36
Total	93,029,622.68	51,032,437.18	67,183,350.65	3,194,145.70	73,684,563.51

20. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offset

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	739,586,466.99	135,158,330.23	787,606,967.86	129,354,500.02
Unrealized gross margin within the consolidation scope	86,684,759.47	13,002,713.92	21,759,655.52	3,263,948.33
Transfer income of equity within the consolidated scope, recognized in tax and offset in accounting	163,893,536.52	40,973,384.13	163,893,536.52	40,973,384.13
Deductible losses	454,696,342.29	68,204,451.34	393,146,494.97	69,374,180.87
Unexercised share-based payment expenses	68,962,692.28	10,344,403.84	76,970,256.47	11,614,207.02
Revenue recognized in tax, not yet recognized in accounting	315,949,835.88	47,392,475.39	211,453,454.07	31,718,018.12
Expenditures recognized in accounting, not yet	236,236,015.38	35,435,402.31	340,046,301.37	51,362,264.16

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
recognized in tax				
Changes in fair value of other non-current financial assets through profit or loss	5,060,000.00	1,265,000.00	2,560,000.00	640,000.00
Deductible temporary differences arising from leases	1,083,660,629.53	163,947,872.40	1,040,557,073.14	163,568,709.43
Total	3,154,730,278.34	515,724,033.56	3,037,993,739.92	501,869,212.08

(2) Deferred tax liabilities before offset

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Changes in fair value of other equity instruments through other comprehensive income	92,950,221.83	23,237,555.45	207,633,537.24	51,982,384.31
Differences between tax and accounting perspective of accelerated depreciation of fixed assets	1,147,576,125.68	172,254,853.74	1,161,649,102.74	174,247,365.41
Adjustment on fair value of long-term investments upon loss of control over former subsidiaries	1,237,956,808.36	309,489,202.09	1,361,433,802.05	325,070,894.82
Taxable temporary differences arising from leases	811,408,622.35	122,151,995.78	916,979,836.57	143,922,475.34
Extra deductions of equipment	12,429,137.00	1,999,801.12		
Total	3,302,320,915.22	629,133,408.18	3,647,696,278.60	695,223,119.88

(3) Deferred tax assets or liabilities after offset

Items	Closing balance		Opening balance	
	Deferred tax assets offset by deferred tax liabilities	Deferred tax assets/liabilities after offset	Deferred tax assets offset by deferred tax liabilities	Deferred tax assets/liabilities after offset
Deferred tax assets	237,076,164.87	278,647,868.69	302,536,541.33	199,332,670.75
Deferred tax liabilities	237,076,164.87	392,057,243.31	302,536,541.33	392,686,578.55

21. Other non-current assets

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Prepayments for houses				70,000,000.00		70,000,000.00
Prepayments for engineering	15,196,329.49		15,196,329.49	66,235,292.10		66,235,292.10

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
equipment						
Total	15,196,329.49		15,196,329.49	136,235,292.10		136,235,292.10

22. Assets with title or use right restrictions

(1) Details on assets with restrictions at the balance sheet date

Items	Closing book balance	Closing carrying amount	Type of restrictions	Reasons for restrictions
Cash and bank balances	915,713,798.14	915,713,798.14	Deposits	Deposits for notes, etc.
	23,786,120.31	23,786,120.31	Frozen	Judicial frozen funds, etc.
Accounts receivable	177,753,693.89	177,053,693.89	Pledge	Pledged for borrowings
Fixed assets	3,233,769,358.72	2,964,324,825.31	Mortgage	Mortgaged for borrowings
Construction in progress	490,006,291.02	490,006,291.02	Mortgage	Mortgaged for borrowings
Intangible assets	1,192,056,600.24	1,117,764,376.83	Mortgage	Mortgaged for borrowings
Total	6,033,085,862.32	5,688,649,105.50		

(2) Details on assets with restrictions at the beginning of the period

Items	Opening book balance	Opening carrying amount	Type of restrictions	Reasons for restrictions
Cash and bank balances	960,379,298.83	960,379,298.83	Deposits	Deposits for notes, etc.
	4,394.37	4,394.37	Frozen	Judicial frozen funds, etc.
Accounts receivable	128,055,930.00	127,774,206.95	Pledge	Pledged for borrowings
Fixed assets	3,325,326,308.42	2,766,433,018.90	Finance lease, mortgage	Mortgaged for borrowings, finance lease
Construction in progress	359,278,078.97	359,278,078.97	Mortgage	Mortgaged for borrowings
Intangible assets	1,191,934,172.24	1,142,355,062.57	Mortgage	Mortgaged for borrowings
Total	5,964,978,182.83	5,356,224,060.59		

23. Short-term borrowings

Items	Closing balance	Opening balance
Pledged borrowings	73,055,763.89	127,057,697.49
Mortgaged borrowings	600,495,000.00	

Items	Closing balance	Opening balance
Guaranteed borrowings	1,721,438,425.68	4,206,059,548.47
Credit borrowings	1,871,403,480.77	2,475,516,601.10
Mortgaged and guaranteed borrowings	486,598,462.46	
Pledged and guaranteed borrowings	63,754,794.04	
Notes payable financing	810,900,000.00	
Less: Liabilities held for sale		111,548,901.39
Total	5,627,645,926.84	6,697,084,945.67

24. Notes payable

Items	Closing balance	Opening balance
Bank acceptance	169,794,561.48	808,822,859.77
Trade acceptance	21,200,770.33	15,694,333.87
Total	190,995,331.81	824,517,193.64

25. Accounts payable

Items	Closing balance	Opening balance
Accounts payable for purchase of goods or services	3,172,455,230.63	1,797,831,645.99
Accounts payable for purchase of long-term assets	1,351,568,648.93	1,014,574,811.13
Total	4,524,023,879.56	2,812,406,457.12

26. Advances received

Items	Closing balance	Opening balance
Rent and others received in advance	1,827,784.11	835,376.00
Equity transfer payment received in advance		20,000,000.00
Total	1,827,784.11	20,835,376.00

27. Contract liabilities

Items	Closing balance	Opening balance
Sales proceeds	32,640,936.49	12,376,375.15
Total	32,640,936.49	12,376,375.15

28. Employee benefits payable

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	141,238,696.53	1,238,730,093.15	1,258,080,795.27	121,887,994.41
Post-employment benefits - defined contribution plan	282,531.27	82,214,511.92	82,425,042.68	72,000.51
Termination benefits	858,776.57	15,540,808.95	16,399,585.52	
Total	142,380,004.37	1,336,485,414.02	1,356,905,423.47	121,959,994.92

(2) Details of short-term employee benefits

Items	Opening balance	Increase	Decrease	Closing balance
Wage, bonus, allowance and subsidy	139,363,428.95	1,084,500,106.59	1,103,621,911.22	120,241,624.32
Employee welfare fund	216,664.58	59,191,276.55	59,262,226.49	145,714.64
Social insurance premium	181,725.18	48,745,602.59	48,888,290.97	39,036.80
Including: Medicare premium	172,482.73	42,288,557.78	42,423,611.42	37,429.09
Occupational injuries premium	9,242.45	3,824,757.20	3,832,391.94	1,607.71
Maternity premium		2,632,287.61	2,632,287.61	
Housing provident fund	191,437.00	30,887,975.12	31,059,083.12	20,329.00
Trade union fund and employee education fund	1,285,440.82	15,405,132.30	15,249,283.47	1,441,289.65
Subtotal	141,238,696.53	1,238,730,093.15	1,258,080,795.27	121,887,994.41

(3) Details of defined contribution plan

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium	273,782.16	79,538,629.36	79,742,965.57	69,445.95
Unemployment insurance premium	8,749.11	2,675,882.56	2,682,077.11	2,554.56
Subtotal	282,531.27	82,214,511.92	82,425,042.68	72,000.51

29. Taxes and rates payable

Items	Closing balance	Opening balance
VAT	70,231,365.85	31,043,542.12
Enterprise income tax	62,369,739.66	19,284,200.73
Individual income tax withheld for tax authorities	5,894,839.77	7,152,301.57
Urban maintenance and construction tax	3,716,883.55	1,008,936.50
Land appreciation tax	72,193,006.97	
Housing property tax	10,970,618.40	8,377,739.67
Land use tax	5,649,957.90	5,275,191.76

Items	Closing balance	Opening balance
Education surcharge	2,665,457.15	804,639.82
Others	6,943,013.63	6,233,212.65
Total	240,634,882.88	79,179,764.82

30. Other payables

(1) Details

Items	Closing balance	Opening balance
Dividend payable	701,360.00	701,360.00
Other payables	438,366,541.48	517,013,406.96
Total	439,067,901.48	517,714,766.96

(2) Dividend payable

Items	Closing balance	Opening balance
Dividend of ordinary shares	701,360.00	701,360.00
Subtotal	701,360.00	701,360.00

(3) Other payables

Items	Closing balance	Opening balance
Accrued expenses	149,930,271.32	168,718,422.53
Contingent repurchase payables related to restricted shares	121,751,141.20	188,662,881.57
Security deposits	41,000,226.14	67,963,379.75
Temporary receipts payable	118,609,834.35	84,593,654.64
Property balance payable	7,075,068.47	7,075,068.47
Subtotal	438,366,541.48	517,013,406.96

31. Liabilities held for sale

Items	Closing balance	Opening balance
Ningbo Ulica Solar Co., Ltd. and its subsidiaries		427,188,378.77
Total		427,188,378.77

32. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term borrowings due within one year	2,135,191,355.66	1,943,280,245.75
Long-term payables due within one year	298,489,480.43	625,412,435.19
Lease liabilities due within one year	362,852,525.18	504,675,538.61

Items	Closing balance	Opening balance
Total	2,796,533,361.27	3,073,368,219.55

33. Other current liabilities

Items	Closing balance	Opening balance
Output VAT to be recognized	3,391,582.34	1,498,699.04
Total	3,391,582.34	1,498,699.04

34. Long-term borrowings

Items	Closing balance	Opening balance
Pledged borrowings	688,000,000.00	2,024,000,000.00
Mortgaged borrowings	12,000,000.00	4,120,033,965.05
Guaranteed borrowings	855,392,897.00	1,919,665,023.64
Credit borrowings	323,200,000.00	
Mortgaged and guaranteed borrowings	5,355,868,705.92	
Pledged and guaranteed borrowings	570,000,000.00	
Total	7,804,461,602.92	8,063,698,988.69

35. Lease liabilities

Items	Closing balance	Opening balance
Buildings and structures	700,025,004.30	737,059,366.71
Machinery	42,092,286.25	30,461,445.24
Others	33,173.38	9,395,827.47
Total	742,150,463.93	776,916,639.42

36. Long-term payables

Items	Closing balance	Opening balance
Sale and leaseback payable	235,291,929.72	497,131,448.00
Total	235,291,929.72	497,131,448.00

37. Provisions

Items	Closing balance	Opening balance	Reasons for balance
Products quality guarantee	33,047,544.20	64,468,748.26	Provision for product quality guarantee
Estimated disposal loss	3,000,000.00		Provision for losses on disposal of assets
Estimated repair		11,400,000.00	

Items	Closing balance	Opening balance	Reasons for balance
compensation			
Total	36,047,544.20	75,868,748.26	

38. Deferred income

Items	Opening balance	Increase	Decrease	Closing balance	Reasons for balance
Government grants	467,257,728.18	76,828,114.84	59,321,286.92	484,764,556.10	Receipt of grants related to assets
Total	467,257,728.18	76,828,114.84	59,321,286.92	484,764,556.10	

39. Share capital

(1) Details

Items	Opening balance	Movements					Closing balance
		Issue of new shares	Bonus shares	Conversion of reserve to shares	Others	Subtotal	
Total shares	2,258,223,223				-4,827,055	-4,827,055	2,253,396,168

(2) Other remarks

Current decrease in share capital of 4,827,055 shares was mainly attributable to the cancellation of treasury shares repurchased under the equity incentive plan. Please refer to section V (I) 41 of notes to the financial statements for details on the cancellation of treasury shares.

40. Capital reserve

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Share/capital premium	7,661,649,089.84	20,717,834.00	63,295,561.83	7,619,071,362.01
Other capital reserve	1,411,835,058.05	7,555,106.67	23,661,552.95	1,395,728,611.77
Total	9,073,484,147.89	28,272,940.67	86,957,114.78	9,014,799,973.78

(2) Other remarks

Current increase in capital premium (share premium) of 20,717,834.00 yuan was primarily due to investment funds received by Shanghai Shanshan Lithium Battery Materials Technology Co., Ltd. from non-controlling shareholders Shanghai Shanbao Business Consulting Partnership (LP) and Shanghai Shanhe Business Consulting Partnership (LP), with the premium portion included in capital reserve (share premium).

In the current period, capital premium (share premium) was decreased by 63,295,561.83 yuan, of which, 61,502,953.00 yuan was mainly attributable to the cancellation of treasury shares repurchased under the equity incentive plan in the current period. Please refer to section V (I) 41

of notes to the financial statements for details on the cancellation of treasury shares. And the remaining decrease of 1,792,608.83 yuan was due to adjustments to capital reserve resulting from differences arising from the acquisition of non-controlling interest.

Current increase in other capital reserves of 7,555,106.67 yuan was mainly due to changes in capital reserve of associates, with the Company recognizing the increase in capital reserve based on its shareholding.

Current decrease in other capital reserves of 23,661,552.95 yuan was primarily due to the Company's adoption of the 2022 Share Option Incentive Plan and Restricted Share Incentive Plan in March and May 2022, respectively. During the vesting period, based on the best estimates made according to the latest changes in the number of eligible participants and the achievement of performance targets, the Company adjusted the related costs or expenses for the services received in the current period at the fair value on the grant date. Simultaneously, capital reserve was adjusted according to equity incentive expenses. Due to the failure to meet performance targets and resignation of employees in the current period, other capital reserve was decreased by 23,661,552.95 yuan correspondingly according to equity incentives expenses.

41. Treasury shares

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Repurchase of treasury shares through centralized bidding	792,658,300.89	554,293,989.97		1,346,952,290.86
Repurchase of treasury shares through equity incentive plan	188,662,881.57		66,330,008.00	122,332,873.57
Total	981,321,182.46	554,293,989.97	66,330,008.00	1,469,285,164.43

(2) Other remarks

1) Repurchase of treasury shares through centralized bidding

Pursuant to the “Proposal on Share Repurchase Plan through Centralized Bidding” deliberated and approved by the seventh meeting of the 11th session of the Board of Directors on February 4, 2024, the Company agreed to repurchase shares through centralized bidding using self-owned funds, with the total repurchase amount no less than 250 million yuan (inclusive) and no more than 500 million yuan (inclusive), the repurchase price no more than 18.60 yuan per share (inclusive), and the repurchase period not exceeding 3 months from the approval date of the Board of Directors. Pursuant to the “Proposal on Share Repurchase Plan through Centralized Bidding” deliberated and approved by the 10th meeting of the 11th session of the Board of Directors on June 6, 2024, the Company agreed to repurchase shares through centralized bidding using self-owned or self-raised funds, with the total repurchase amount no less than 200 million yuan (inclusive) and no more

than 400 million yuan (inclusive), the repurchase price no more than 16.60 yuan per share (inclusive), and the repurchase period not exceeding 3 months from the approval date of the Board of Directors.

In 2024, the Company repurchased a total of 53,483,803 shares, and recognized treasury shares of 554,293,989.97 yuan.

2) Repurchase of treasury shares through equity incentive plan

In June 2024, due to the failure to meet performance targets for the second unlocking period and the disqualification of certain incentive targets resulting from resignation or retirement, the Company repurchased and canceled the corresponding restricted shares. A total of 4,381,555 restricted shares were repurchased and canceled in the current period, reducing treasury shares by 60,240,418.04 yuan.

In October 2024, due to the disqualification of certain incentive targets resulting from resignation or retirement (including those already retired or approaching retirement), the Company repurchased and canceled the corresponding restricted shares. A total of 445,500 restricted shares were repurchased and canceled in the current period, reducing treasury shares by 6,089,589.96 yuan.

In 2024, the Company repurchased and canceled a total of 4,827,055 restricted shares, reducing treasury shares by 66,330,008.00 yuan. Consequently, capital premium (share premium) was decreased by 61,502,953.00 yuan, and share capital was decreased by 4,827,055.00 yuan.

42. Other comprehensive income (OCI)

Items	Opening balance	Current period cumulative					Less: OCI previously recognized but transferred to retained earnings in the current period (attributable to parent company after tax)	Closing balance
		OCI after tax						
		Current period cumulative before income tax	Less: OCI previously recognized but transferred to profit or loss in the current period	Less: Income tax expenses	Attributable to parent company	Attributable to non-controlling shareholders		
Items not to be reclassified subsequently to profit or loss	-84,186,251.12	407,142,972.88		108,155,859.01	298,987,113.87		425,443,104.96	-210,642,242.21
Including: OCI not to be transferred to profit or loss under equity method	-3,245,880.41	-3,350,304.38			-3,350,304.38		-15,419,665.36	8,823,480.57
Changes in fair value of other equity instrument investments	-80,940,370.71	427,077,648.70		108,155,859.01	318,921,789.69		457,447,141.76	-219,465,722.78
Others		-16,584,371.44			-16,584,371.44		-16,584,371.44	
Items to be reclassified subsequently to profit or loss	6,292,165.38	-28,987,985.04			-28,986,472.55	-1,512.49		-22,694,307.17
Including: OCI to be transferred to profit or loss under equity method	4,488,035.49	7,712,933.26			7,712,933.26			12,200,968.75

Items	Opening balance	Current period cumulative						Closing balance
		OCI after tax					Less: OCI previously recognized but transferred to retained earnings in the current period (attributable to parent company after tax)	
		Current period cumulative before income tax	Less: OCI previously recognized but transferred to profit or loss in the current period	Less: Income tax expenses	Attributable to parent company	Attributable to non-controlling shareholders		
Translation reserves	1,804,129.89	-36,700,918.30			-36,699,405.81	-1,512.49		-34,895,275.92
Total	-77,894,085.74	378,154,987.84		108,155,859.01	270,000,641.32	-1,512.49	425,443,104.96	-233,336,549.38

43. Special reserve

Items	Opening balance	Increase	Decrease	Closing balance
Work safety fund	1,724,238.27	10,880.60	1,724,238.27	10,880.60
Total	1,724,238.27	10,880.60	1,724,238.27	10,880.60

44. Surplus reserve

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	292,801,918.55			292,801,918.55
Total	292,801,918.55			292,801,918.55

45. Undistributed profit

Items	Current period cumulative	Preceding period comparative
Balance before adjustment at the end of preceding period	12,102,150,807.75	12,028,646,332.05
Add: Increase due to adjustment (or less: decrease)		
Opening balance after adjustment	12,102,150,807.75	12,028,646,332.05
Add: Net profit attributable to owners of the parent company	-367,136,028.73	765,337,842.07
Less: Appropriation of statutory surplus reserve		
Dividend payable on ordinary shares	437,401,038.60	671,354,367.30
Add: Previously recognized but transferred to retained earnings in the current period	425,443,104.96	-20,478,999.07
Closing balance	11,723,056,845.38	12,102,150,807.75

(II) Notes to items of the consolidated income statement

1. Operating revenue/Operating cost

(1) Details

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	18,519,788,118.73	15,966,979,643.80	18,895,940,365.41	15,945,754,142.00
Other operations	159,940,902.67	31,885,848.73	174,284,799.54	47,987,219.53
Total	18,679,729,021.40	15,998,865,492.53	19,070,225,164.95	15,993,741,361.53
Including: Revenue from contracts with customers	18,623,755,389.82	15,964,710,521.72	19,018,717,735.22	15,977,333,713.05

(2) Breakdown of revenue

1) Breakdown of revenue from contracts with customers by goods or services

Please refer to section XV (I) of notes to the financial statements for details on breakdown of revenue by goods or services.

2) Breakdown of revenue from contracts with customers by operating regions

Please refer to section XV (I) of notes to the financial statements for details on breakdown of revenue by operating regions.

3) Breakdown of revenue from contracts with customers by time of transferring goods or rendering services

Items	Current period cumulative	Preceding period comparative
Recognized at a point in time	18,620,570,438.35	18,953,955,300.73
Recognized over time	3,184,951.47	64,762,434.49
Subtotal	18,623,755,389.82	19,018,717,735.22

(3) Contract liabilities with opening balance of 7,746,587.51 yuan were carried over to revenue in the current period.

2. Taxes and surcharges

Items	Current period cumulative	Preceding period comparative
Housing property tax, land use tax	65,911,403.80	46,874,580.91
Stamp duty	24,875,108.96	31,017,184.28
Urban maintenance and construction tax	12,450,895.01	16,852,443.86
Education surcharge	9,042,037.75	12,508,546.08
Others	4,593,948.46	2,535,956.90
Total	116,873,393.98	109,788,712.03

3. Selling expenses

Items	Current period cumulative	Preceding period comparative
Material consumption, transportation costs, vehicle costs, etc.	87,430,086.80	87,625,637.90
Marketing promotion expenses	55,034,489.40	46,635,677.14
Employee benefits	39,287,202.96	41,848,755.41
Office expenses, business travelling expenses, simplified leasing	23,437,962.99	21,208,295.21
Consulting fees, external service agency costs	16,818,690.83	9,562,412.56
Depreciation and amortization	16,489,976.51	17,275,124.97
Business entertainment expenses	5,956,132.69	3,983,245.09
Share-based payment	-667,767.10	-451,509.61
Others	293,032.97	320,238.03
Total	244,079,808.05	228,007,876.70

4. Administrative expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	233,975,335.71	258,655,907.22
Depreciation and amortization	175,926,999.73	132,022,183.87
Consulting fees, external service agency costs	153,404,624.32	109,486,568.77
Office expenses, business travelling expenses, simplified leasing	64,754,054.01	46,241,799.70
Business entertainment expenses	25,621,740.26	16,927,541.34
Information technology expenses	6,408,074.31	73,186,301.65
Transportation costs, vehicle costs, etc.	4,629,365.36	5,456,122.71
Water and electricity bills	3,504,781.72	4,408,075.41
Material consumption	2,576,005.48	3,002,203.18
Conference expenses, etc.	2,211,078.98	10,737,517.73
Share-based payment	-19,774,285.92	-369,451.43
Others	10,585,354.06	8,232,619.73
Total	663,823,128.02	667,987,389.88

5. R&D expenses

Items	Current period cumulative	Preceding period comparative
Material consumption, water and electricity bills	629,310,437.73	533,937,441.07
Employee benefits	326,829,896.39	259,427,512.11

Items	Current period cumulative	Preceding period comparative
Depreciation and amortization	51,368,401.18	58,246,175.75
Consulting fees, external professional agency fees	19,780,321.88	10,188,654.91
Office expenses, business travelling expenses, simplified leasing	8,422,973.38	6,617,426.66
Share-based payment	-1,668,480.31	-1,614,866.04
Others	2,952,684.47	1,494,937.07
Total	1,036,996,234.72	868,297,281.53

6. Financial expenses

Items	Current period cumulative	Preceding period comparative
Interest expenditures	573,783,400.78	541,133,908.17
Including: Interest expense on lease liabilities	69,107,566.33	92,289,851.93
Less: Interest income	68,395,411.82	110,264,086.98
Gains or losses on foreign exchange	1,953,213.86	11,085,915.89
Others	13,463,350.95	24,978,715.22
Total	520,804,553.77	466,934,452.30

7. Other income

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Government grants related to assets	35,685,617.08	24,985,116.09	35,685,617.08
Government grants related to income	113,588,997.21	426,321,481.37	113,588,997.21
Refund of handling fees for withholding individual income tax	3,122,350.98	4,766,899.90	
VAT extra deductions	124,544,723.11	46,118,467.89	
Total	276,941,688.38	502,191,965.25	149,274,614.29

8. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	-505,592,763.50	-122,272,475.73
Investment income from disposal of long-term equity investments	-65,543,726.25	294,436,828.10
Gains on remeasurement on fair value of remaining equity after losing control		92,901,882.31

Items	Current period cumulative	Preceding period comparative
Dividend income from other equity instrument investments	12,043,068.75	13,362,000.00
Investment income from disposal of other non-current financial assets		3,170,000.00
Income from securities lending and financial products		-41,626.69
Total	-559,093,421.00	281,556,607.99

9. Gains on changes in fair value

Items	Current period cumulative	Preceding period comparative
Other non-current financial assets	-7,980,334.68	-7,516,000.00
Total	-7,980,334.68	-7,516,000.00

10. Credit impairment loss

Items	Current period cumulative	Preceding period comparative
Bad debts	-74,376,805.92	-54,638,094.46
Total	-74,376,805.92	-54,638,094.46

11. Assets impairment loss

Items	Current period cumulative	Preceding period comparative
Inventory write-down loss	-45,873,783.49	-211,046,014.53
Impairment loss of long-term equity investments	-259,418,431.04	-30,575,111.39
Impairment loss of fixed assets	-5,033,207.25	-11,595,336.14
Impairment loss of intangible assets		-42,800.00
Impairment loss of goodwill	-50,914,431.44	-128,044,702.20
Impairment loss of assets held for sale		-5,663,253.88
Total	-361,239,853.22	-386,967,218.14

12. Gains on asset disposal

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Gains on disposal of fixed assets	234,598,034.79	-31,083,129.20	234,598,034.79
Gains on disposal of intangible assets	158,514,013.16		158,514,013.16
Gains on disposal of right-of-use assets	3,515,741.12	1,839,928.79	3,515,741.12

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Gains on disposal of construction in progress	-262,425.91		-262,425.91
Total	396,365,363.16	-29,243,200.41	396,365,363.16

13. Non-operating revenue

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Penalty income	6,244,384.69	4,669,751.43	6,244,384.69
Gains on damage or retirement of non-current assets	1,708,846.62	14,175.89	1,708,846.62
Confiscation income	809,595.96	2,227,588.15	809,595.96
Others	1,653,124.60	2,732,970.54	1,653,124.60
Total	10,415,951.87	9,644,486.01	10,415,951.87

14. Non-operating expenditures

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Penalty	18,671,242.65	30,028,927.12	18,671,242.65
Losses on damage or retirement of non-current assets	15,690,310.31	18,102,473.63	15,690,310.31
Donation expenditures	1,000,000.00	1,378,000.00	1,000,000.00
Others	18,244,635.32	12,480,881.06	18,244,635.32
Total	53,606,188.28	61,990,281.81	53,606,188.28

15. Income tax expenses

(1) Details

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	76,120,241.33	272,737,346.84
Deferred income tax expenses	-30,682,338.75	-49,051,188.19
Total	45,437,902.58	223,686,158.65

(2) Reconciliation of accounting profit to income tax expenses

Items	Current period cumulative	Preceding period comparative
Profit before tax	-274,287,189.36	988,506,355.41
Income tax expenses based on tax rate applicable to	-26,927,234.86	511,714,946.73

Items	Current period cumulative	Preceding period comparative
the parent company		
Effect of different tax rate applicable to subsidiaries	-94,732,468.15	-146,212,003.19
Effect of prior income tax reconciliation	1,427,464.09	-2,659,892.41
Effect of non-taxable income	45,867,188.29	-29,509,840.58
Effect of non-deductible costs, expenses and losses	15,836,857.39	10,945,232.89
Effect of utilization of deductible losses not previously recognized as deferred tax assets	27,680,361.48	-10,633,817.78
Effect of deductible temporary differences or deductible losses not recognized as deferred tax assets in the current period	155,868,544.20	5,388,171.26
Additional deductible expenses	-79,582,809.86	-115,346,638.27
Income tax expenses	45,437,902.58	223,686,158.65

16. Other comprehensive income after tax

Please refer to section V (I) 42 of notes to the financial statements for details.

(III) Notes to items of the consolidated cash flow statement

1. Other cash receipts or payments related to operating activities, investing activities and financing activities

(1) Other cash receipts related to operating activities

Items	Current period cumulative	Preceding period comparative
Receipt of government grants	190,417,112.05	569,991,459.11
Receipt of operating deposits or intercompany balances	172,971,459.79	393,144,657.11
Receipt of operating security deposits of cash and bank balances with restrictions		127,364,615.88
Interest income	68,482,841.14	60,968,971.09
Recovery of frozen bank deposits		15,083,743.24
Receipt of non-operating revenue related to operating activities	8,707,105.25	9,623,299.35
Total	440,578,518.23	1,176,176,745.78

(2) Other cash payments related to operating activities

Items	Current period cumulative	Preceding period comparative
Payment of daily operating expenses	470,761,640.54	825,195,095.01
Payment of operating deposits or intercompany temporary loans	15,790,582.19	233,980,302.86
Payment of operating security deposits of cash and bank balances with restrictions	35,227,956.01	204,861,892.72
Payment of non-operating expenditures related to operating activities	51,897,341.66	18,990,228.99

Items	Current period cumulative	Preceding period comparative
Total	573,677,520.40	1,283,027,519.58

(3) Other cash receipts related to investing activities

Items	Current period cumulative	Preceding period comparative
The third installment payment for acquisition of LG's polarizer business - Refund of deposits for LG Chem		2,288,919,385.08
Receipt of non-operating intercompany balances from major shareholders	230,000,000.00	728,000,000.00
Recovery of purchase payment for Junkang Financial Tower	670,000,000.00	450,000,000.00
Recovery of surplus funds from acquisition of equity of Taiwan Shanjin Optoelectronics Co., Ltd.		74,501,121.55
Receipt of security deposits for equity transfer intent		20,000,000.00
Receipt of deposits from engineering equipment suppliers		17,822,169.60
Receipt of interest on non-operating intercompany balances from major shareholder	23,342,202.74	
Recovery of interest on purchase payment for Junkang Financial Tower	12,507,287.67	
Total	935,849,490.41	3,579,242,676.23

(4) Other cash payments related to investing activities

Items	Current period cumulative	Preceding period comparative
The third installment payment for acquisition of LG's polarizer business – Deposits for LG Chem		2,288,919,385.08
Payment of non-operating intercompany balance to major shareholder	150,000,000.00	808,000,000.00
Taxes and rates paid for equity transfer	13,538,850.00	130,550,283.75
Payment of deposits for LG OLED business acquisition		84,410,934.00
Refund of deposits for equity transfer intent		30,000,000.00
Payment of security deposits to engineering equipment suppliers		30,452,572.80
Total	163,538,850.00	3,372,333,175.63

(5) Other cash receipts related to financing activities

Items	Current period cumulative	Preceding period comparative
Temporary receipt of financing funds	100,000,000.00	2,713,000,000.00
Recovery of deposits for notes and letters of credit for financing	343,531,172.53	1,178,147,692.45
Recovery of reserve funds from China Securities Depository and Clearing Co., Ltd. Shanghai Branch	2,059,114.34	2,506,661.99
Total	445,590,286.87	3,893,654,354.44

(6) Other cash payments related to financing activities

Items	Current period cumulative	Preceding period comparative
Refund of financing funds		2,713,000,000.00
Payment of deposits for notes and letters of credit for financing	315,252,476.08	1,019,709,356.73
Repurchased treasury shares	554,293,989.97	545,571,545.63
Payment of rental fees	313,990,072.20	328,059,541.28
Repayment of finance lease loans or payment of deposits for financial lease		198,087,076.15
Repurchase of restricted shares	66,330,008.00	78,971,709.95
Payment of reserve funds to China Securities Depository and Clearing Co., Ltd. Shanghai Branch	2,059,114.34	2,506,661.99
Total	1,251,925,660.59	4,885,905,891.73

2. Supplementary information to the cash flow statement

Supplementary information	Current period cumulative	Preceding period comparative
(1) Reconciliation of net profit to cash flows from operating activities:		
Net profit	-319,725,091.94	764,820,196.76
Add: Provision for assets impairment	361,239,853.22	386,967,218.14
Provision for credit impairment	74,376,805.92	54,638,094.46
Depreciation of fixed assets, right-of-use assets, oil and gas assets, productive biological assets	1,359,243,965.18	1,038,185,251.95
Amortization of intangible assets	121,355,299.00	103,543,810.73
Amortization of long-term prepayments	67,183,350.65	93,075,132.61
Losses on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)	-396,365,363.16	29,229,024.52
Fixed assets retirement loss (Less: gains)	13,981,463.69	18,102,473.63
Losses on changes in fair value (Less: gains)	7,980,334.68	7,516,000.00
Financial expenses (Less: gains)	569,880,481.45	571,181,076.88
Investment losses (Less: gains)	559,093,421.00	-281,556,607.99
Decrease of deferred tax assets (Less: increase)	-79,315,197.94	-78,749,441.92
Increase of deferred tax liabilities (Less: decrease)	-629,335.24	30,754,992.15
Decrease of inventories (Less: increase)	-652,578,736.88	-719,351,925.84
Decrease of operating receivables (Less: increase)	-796,499,864.85	-2,035,720,452.23
Increase of operating payables (Less: decrease)	969,605,975.47	-178,727,462.93
Others	1,389,814.32	-2,038,979.32
Net cash flows from operating activities	1,860,217,174.57	-198,131,598.40
(2) Significant investing and financing activities not related to cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds due within one year		

Supplementary information	Current period cumulative	Preceding period comparative
Right-of-use assets increased in the current period		
(3) Net changes in cash and cash equivalents:		
Cash at the end of the period	1,831,148,236.87	4,024,541,676.69
Less: Cash at the beginning of the period	4,024,541,676.69	3,911,177,960.18
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase of cash and cash equivalents	-2,193,393,439.82	113,363,716.51

3. Composition of cash and cash equivalents

(1) Details

Items	Closing balance	Opening balance
1) Cash	1,831,148,236.87	4,024,541,676.69
Including: Cash on hand	91,807.27	206,355.97
Digital currency on demand for payment		110,837.00
Cash in bank on demand for payment	1,819,641,815.68	4,017,794,536.22
Other cash and bank balances on demand for payment	11,414,613.92	6,429,947.50
2) Cash equivalents		
Including: Bond investments maturing within three months		
3) Cash and cash equivalents at the end of the period	1,831,148,236.87	4,024,541,676.69
Including: Cash and cash equivalents of parent company or subsidiaries with use restrictions		

(2) Cash and bank balances not considered as cash and cash equivalents

Items	Closing balance	Opening balance	Reasons for not considered as cash and cash equivalents
Cash and bank balances	915,713,798.14	831,179,391.66	Deposits
Cash and bank balances	23,786,120.31	4,394.37	Frozen
Subtotal	939,499,918.45	831,183,786.03	

4. Changes in liabilities related to financing activities

Items	Opening balance	Increase		Decrease		Closing balance
		Changes in cash	Changes in non-cash	Changes in cash	Changes in non-cash	
Short-term borrowings	6,697,084,945.67	7,565,807,845.71		8,633,413,120.82	1,833,743.72	5,627,645,926.84
Long-term borrowings (including long-term borrowings due within one year)	10,006,979,234.44	4,964,743,382.72		4,843,441,143.46	188,628,515.12	9,939,652,958.58
Lease liabilities (including lease liabilities due within one year)	1,281,592,178.03		137,400,883.28	313,990,072.20		1,105,002,989.11
Subtotal	17,985,656,358.14	12,530,551,228.43	137,400,883.28	13,790,844,336.48	190,462,258.84	16,672,301,874.53

5. Significant activities not involving cash receipts and payments

Amount of endorsed commercial acceptance not involving cash receipts and payments

Items	Current period cumulative	Preceding period comparative
Amount of endorsed commercial acceptance	1,964,674,328.18	4,418,577,225.37
Including: Payments for goods	1,706,877,065.80	3,337,744,985.06
Payments for acquisition of fixed assets and other long-term assets	257,797,262.38	1,080,832,240.31

(IV) Others

1. Monetary items in foreign currencies

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent at the end of the period
Cash and bank balances			117,023,219.91
Including: USD	11,096,720.76	7.1884	79,767,667.51
EUR	488,831.63	7.5257	3,678,800.20
HKD	25,453,278.67	0.9260	23,569,736.05
VND	30,286,432,966.00	0.0003	9,085,929.89
JPY	19,936,932.00	0.0462	921,086.26
Accounts receivable			666,041,198.82
Including: USD	80,081,945.94	7.1884	575,661,060.20
HKD	1,360,840.85	0.9260	1,260,138.63
TWD	400,000,000.00	0.2228	89,120,000.00
Other receivables			18,889.51
Including: EUR	2,510.00	7.5257	18,889.51
Accounts payable			424,123,582.49
Including: USD	28,470,363.55	7.1884	204,656,361.34
HKD	4,048,923.77	0.9260	3,749,303.41
JPY	4,664,382,635.00	0.0462	215,494,477.74
KRW	45,600,000.00	0.0049	223,440.00
Other payables			26,022,807.70
Including: HKD	28,102,384.13	0.9260	26,022,807.70

2. Leases

(1) The Company as the lessee

1) Please refer to section V (I) 16 of notes to the financial statements for details on right-of-use assets.

2) Please refer to section III (XXXI) of notes to the financial statements for details on the Company's accounting policies on short-term leases and leases for which the underlying asset is of low value. The amounts of short-term leases and low-value asset leases included into profit or loss are as follows:

Items	Current period cumulative	Preceding period comparative
Expense relating to short-term leases	56,394,796.16	56,741,666.74
Expense relating to leases of low-value assets (excluding short-term leases)	631,807.39	602,931.55
Total	57,026,603.55	57,344,598.29

3) Profit or loss and cash flows related to leases

Items	Current period cumulative	Preceding period comparative
Interest expenses on lease liabilities	76,090,703.53	92,289,851.93
Total cash outflows related to leases	326,079,835.40	333,535,055.32

4) Please refer to section IX (II) of notes to the financial statements for details on maturity analysis of lease liabilities and related liquidity risk management.

(2) The Company as the lessor

1) Operating lease

a. Lease income

Items	Current period cumulative	Preceding period comparative
Lease income	53,298,167.58	51,507,429.73
Including: Income relating to variable lease payments not included in the measurement of the lease liabilities		

b. Assets leased out under operating leases

Items	Closing balance	December 31, 2023
Fixed assets	66,944,689.40	244,414,603.76
Subtotal	66,944,689.40	244,414,603.76

Please refer to section V (I) 14 of notes to the financial statements for details on fixed assets leased out under operating leases.

c. Undiscounted lease payments to be received arising from non-cancellable leases based on the lease contract signed with lessee

Remaining years	Closing balance	December 31, 2023
Within 1 year	5,197,753.95	36,544,439.52
1-2 years	1,205,609.40	24,753,959.10

Remaining years	Closing balance	December 31, 2023
2-3 years		15,254,638.83
3-4 years		7,120,791.18
4-5 years		3,155,413.00
Over 5 years		3,687,646.87
Total	6,403,363.35	90,516,888.50

VI. R&D costs

Items	Current period cumulative	Preceding period comparative
Material consumption, utilities	629,310,437.73	533,937,441.07
Employee benefits	326,829,896.39	259,427,512.11
Depreciation and amortization expenses	51,368,401.18	58,246,175.75
Office expenses, travel expenses, and simplified lease payments	8,422,973.38	6,617,426.66
Consulting fees and fees for external professional services	19,780,321.88	10,188,654.91
Share-based payment	-1,668,480.31	-1,614,866.04
Others	2,952,684.47	1,494,937.07
Total	1,036,996,234.72	868,297,281.53
Including: R&D costs to be expensed	1,036,996,234.72	868,297,281.53
R&D costs to be capitalized		

VII. Interest in other entities

(I) Composition of the consolidation scope

1. The Company has brought 49 subsidiaries including Shanghai Shanshan Technology Co., Ltd., Ningbo Shanshan New Materials Technology Co., Ltd., Shanghai Shanshan New Materials Co., Ltd., Shanjin Optoelectronics (Guangzhou) Co., Ltd., Shanjin Optoelectronics (Nanjing) Co., Ltd., Shanjin Optoelectronics Technology (Zhangjiagang) Co., Ltd., Sichuan Shanshan New Materials Co., Ltd., etc. into the consolidation scope.

2. Basic information of significant subsidiaries

Subsidiaries	Registered capital	Main operating place and place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Shanghai Shanshan Technology Co., Ltd.	300 million yuan	Shanghai	Manufacturing industry		100.00	Business combination under common control
Ningbo Shanshan New Materials Technology Co., Ltd.	2.8 billion yuan	Ningbo, Zhejiang Province	Manufacturing industry		100.00	Establishment

Subsidiaries	Registered capital	Main operating place and place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Shanghai Shanshan New Materials Co., Ltd.	1 billion yuan	Shanghai	Manufacturing industry		100.00	Establishment
Shanjin Optoelectronics (Guangzhou) Co., Ltd.	1.7 billion yuan	Guangzhou, Guangdong Province	Manufacturing industry		100.00	Establishment
Shanjin Optoelectronics (Nanjing) Co., Ltd.	3.8 billion yuan	Nanjing, Jiangsu Province	Manufacturing industry		100.00	Establishment
Shanjin Optoelectronics Technology (Zhangjiagang) Co., Ltd.	900 million yuan	Zhangjiagang, Jiangsu Province	Manufacturing industry		100.00	Establishment
Sichuan Shanshan New Materials Co., Ltd.	2 billion yuan	Meishan, Sichuan Province	Manufacturing industry		100.00	Establishment

3. Other remarks

Basis for the control of an investee while holding its half or less than half voting rights

The Company holds 50% of equity of Baotou Graphene Materials Research Institute Co., Ltd., which has a board of directors with a majority of its members appointed by the Company and all key management personnel appointed by the Company. Hence, the Company has control over it.

(II) Disposal of subsidiaries

1. One-time disposal leading to loss of control over a subsidiary

Subsidiaries	Equity disposal consideration	Equity disposal proportion (%)	Equity disposal method	Loss-of-control date	Determination basis for loss-of-control date	Difference between disposal consideration and net assets attributable to the Company at the consolidated financial statements level
Ningbo Ulica Solar Co., Ltd.	69,326,950.00	90.035	Transfer by agreement	January 19, 2024	Loss of control over financial and operational decisions	-5,663,253.88
Ulica Solar GmbH		100.00	Transfer by agreement	January 19, 2024	Loss of control over financial and operational decisions	
Inner Mongolia Qingshan Automobile Co., Ltd.	92,880,000.00	94.43	Transfer by agreement	June 30, 2024	Loss of control over financial and operational decisions	-64,812,686.41
Ningbo Qingshan Automobile Co., Ltd.		100.00	Transfer by agreement	June 30, 2024	Loss of control over financial and operational decisions	

(Continued)

Subsidiaries	Proportion of remaining equity at the loss-of-control date	Carrying amount of remaining equity at the loss-of-control date	Fair value of remaining equity at the loss-of-control date	Gains/Losses on fair value remeasurement of remaining equity	Determination method and major assumption on fair value of remaining equity at the loss-of-control date	Changes in other comprehensive income/equity related to former subsidiary's equity investment transferred to investment income
Ningbo Ulica Solar Co., Ltd.					N/A	
Ulica Solar GmbH					N/A	

Subsidiaries	Proportion of remaining equity at the loss-of-control date	Carrying amount of remaining equity at the loss-of-control date	Fair value of remaining equity at the loss-of-control date	Gains/Losses on fair value remeasurement of remaining equity	Determination method and major assumption on fair value of remaining equity at the loss-of-control date	Changes in other comprehensive income/equity related to former subsidiary's equity investment transferred to investment income
Inner Mongolia Qingshan Automobile Co., Ltd.					N/A	
Ningbo Qingshan Automobile Co., Ltd.					N/A	

(III) Changes in the consolidation scope due to other reasons

1. Entities brought into the consolidation scope

Name of entities	Equity acquisition method	Equity acquisition date	Capital contribution	Proportion of capital contribution
Shanshan New Materials (Finland) Co., Ltd.	Establishment	March 9, 2024	EUR 0.90 million	100.00%
Sichuan Shanshan New Energy Co., Ltd.	Establishment	July 9, 2024	10.00 million yuan	100.00%
South Korea Shanjin Optoelectronics Co., Ltd.	Establishment	August 21, 2024	KRW 30 billion	100.00%
Shanjin Optoelectronics Vietnam Co., Ltd.	Establishment	August 27, 2024	USD 1 million	100.00%

2. Entities excluded from the consolidation scope

Name of entities	Equity disposal method	Equity disposal date	Disposal-date net assets	Net profit from the period beginning to the disposal date
Ningbo Shanpeng Investment Co., Ltd.	Liquidation and deregistration	May 30, 2024		1,949.55

(IV) Significant not wholly-owned subsidiaries

1. Details

Subsidiaries	Holding proportion of non-controlling shareholders	Non-controlling shareholders' profit or loss	Dividend declared to non-controlling shareholders	Closing balance of non-controlling interest
Shanghai Shanshan Lithium Battery Materials Technology Co., Ltd.	12.4863%	47,410,936.79		953,043,310.21

2. Other remarks

The non-controlling shareholder Shanghai Shanhao Business Consulting Partnership (LP) (employee shareholding) subscribed capital contribution of 11,200,000 yuan in Shanshan Lithium. As of the end of 2024, a total of 40,689,532 yuan had been paid. Pursuant to the agreement among the shareholders, during the period that the capital subscribed by Shanghai Shanhao Business Consulting Partnership (LP) has not been fully paid, it shall nevertheless be entitled to shareholder rights in proportion to its subscribed capital.

3. Main financial information of significant not wholly-owned subsidiaries

(1) Assets and liabilities

Subsidiaries	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shanghai Shanshan Lithium Battery Materials Technology Co., Ltd.	8,805,105,079.14	13,571,354,152.29	22,376,459,231.43	8,770,100,960.46	5,440,113,204.95	14,210,214,165.41

(Continued)

Subsidiaries	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shanghai Shanshan Lithium Battery Materials Technology Co., Ltd.	10,022,333,610.34	11,914,265,094.85	21,936,598,705.19	8,912,521,419.82	5,275,384,781.88	14,187,906,201.70

(2) Profit or loss and cash flows

Subsidiaries	Current period cumulative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Shanghai Shanshan Lithium Battery Materials Technology Co., Ltd.	8,215,255,235.75	390,039,277.58	390,039,277.58	903,550,336.12

(Continued)

Subsidiaries	Preceding period comparative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Shanghai Shanshan Lithium Battery Materials Technology Co., Ltd.	7,276,022,613.06	153,394,834.34	153,394,834.34	-400,207,155.06

(V) Interest in joint ventures or associates

1. Significant joint ventures or associates

Joint ventures or associates	Main operating place	Place of registration	Business nature	Holding proportion (%)		Accounting treatment on investments in joint ventures or associates
				Direct	Indirect	
Zhejiang Chouzhou Commercial Bank Co., Ltd.	Zhejiang Province	Yiwu	Commercial bank	7.06		Equity method
BASF Shanshan Battery Materials Co., Ltd.	Hunan Province	Changsha	Industrial		49.00	Equity method

2. Main financial information of significant associates

Items	Closing balance/Current period cumulative		Opening balance/Preceding period comparative	
	Zhejiang Chouzhou Commercial Bank Co., Ltd.	BASF Shanshan Battery Materials Co., Ltd.	Zhejiang Chouzhou Commercial Bank Co., Ltd.	BASF Shanshan Battery Materials Co., Ltd.
Current assets	346,453,430,077.02	3,390,460,867.65	330,946,331,338.96	3,900,810,151.51
Non-current assets	28,697,143,834.76	3,098,219,452.24	27,630,591,853.93	3,503,334,373.69

Items	Closing balance/Current period cumulative		Opening balance/Preceding period comparative	
	Zhejiang Chouzhou Commercial Bank Co., Ltd.	BASF Shanshan Battery Materials Co., Ltd.	Zhejiang Chouzhou Commercial Bank Co., Ltd.	BASF Shanshan Battery Materials Co., Ltd.
Total assets	375,150,573,911.78	6,488,680,319.89	358,576,923,192.89	7,404,144,525.20
Current liabilities	306,119,393,509.34	1,599,265,610.03	291,111,767,358.30	1,547,143,534.59
Non-current liabilities	40,760,110,854.08	2,005,819.28	40,615,307,197.28	600,192,584.07
Total liabilities	346,879,504,363.42	1,601,271,429.31	331,727,074,555.58	2,147,336,118.66
Non-controlling interest	1,506,383,829.19		1,450,228,774.72	
Equity attributable to owners of parent company	26,764,685,719.17	4,887,408,890.58	25,399,619,862.59	5,256,808,406.54
Proportionate share in net assets	1,574,713,037.54	2,206,043,191.64	1,616,636,362.29	2,575,836,119.21
Adjustments	137,136,237.39	1,237,956,808.36	137,136,237.39	1,237,956,808.36
Goodwill				
Unrealized profit from internal transactions				
Others	137,136,237.39	1,237,956,808.36	137,136,237.39	1,237,956,808.36
Carrying amount of investments in associates	1,711,849,274.93	3,444,000,000.00	1,753,772,599.68	3,813,792,927.57
Fair value of equity investments in associates in association with quoted price				
Operating revenue	11,088,974,625.09	4,055,931,308.74	9,898,824,790.85	5,008,507,804.63
Net profit	1,564,732,036.61	-367,057,687.62	2,054,042,642.60	-333,501,762.07
Net profit of discontinued operations				
Other comprehensive income	109,248,346.44	-2,341,828.34	10,834,027.36	-18,604,486.03
Total comprehensive income	1,673,980,383.05	-369,399,515.96	2,064,876,669.96	-352,106,248.10
Dividend from associates received in the current period				

3. Aggregated financial information of insignificant joint ventures and associates

Items	Closing balance/Current period cumulative	Opening balance/Preceding period comparative
Joint ventures and associates		
Total carrying amount of investments	1,160,557,470.12	1,641,579,537.93
Proportionate shares in the following items		
Net profit	-413,610,773.35	-86,160,511.96
Other comprehensive income	-3,350,304.38	969,525.87
Total comprehensive income	-416,961,077.73	-85,190,986.09

VIII. Government grants

(I) Government grants increased in the current period

Items	Increase
Government grants related to assets	76,715,900.00
Including: Included into deferred income	76,715,900.00
Government grants related to income	113,588,997.21
Including: Included into other income	113,588,997.21
Total	190,304,897.21

(II) Liabilities related to government grants

Related to assets/income	Opening balance	Increase	Amount included into other income	Amount included into non-operating revenue
Related to assets	465,957,728.18	76,715,900.00	34,158,992.08	
Related to income	1,300,000.00		1,300,000.00	
Subtotal	467,257,728.18	76,715,900.00	35,458,992.08	

(Continued)

Related to assets/income	Amount offsetting expenses	Amount offsetting assets	Other changes [Note]	Closing balance
Related to assets			-23,750,080.00	484,764,556.10
Related to income				
Subtotal			-23,750,080.00	484,764,556.10

Note: Other changes refer to the unamortized deferred income of Inner Mongolia Qingshan, which has been disposed of in the current period.

(III) Government grants included into profit or loss

Items	Current period cumulative	Preceding period comparative
Government grants included into other income	149,274,614.29	451,306,597.46
Total	149,274,614.29	451,306,597.46

IX. Risks related to financial instruments

In risk management, the Company aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance, so as to maximize the profits of shareholders and other equity investors. Based on such risk management objectives, the Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits on a timely and reliable basis.

The Company has exposure to the following risks from its use of financial instruments, which mainly include: credit risk, liquidity risk, and market risk. The Management has deliberated and approved policies concerning such risks, and details are:

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

1. Credit risk management practice

(1) Evaluation method of credit risk

At each balance sheet date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When assessing whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information, which is available without undue cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating, and forward-looking information. The Company determines the changes in default risk of financial instruments during the estimated lifetime through comparison of the default risk at the balance sheet date and the initial recognition date, on an individual basis or a collective basis.

The Company considers the credit risk on a financial instrument has increased significantly when one or more of the following qualitative and quantitative standards are met:

1) Quantitative standard mainly relates to the scenario in which, at the balance sheet date, the probability of default in the remaining lifetime has risen by more than a certain percentage compared with the initial recognition;

2) Qualitative standard mainly relates to significant adverse changes in the debtor's operation or financial position, present or expected changes in technology, market, economy or legal environment that will have significant adverse impact on the debtor's repayment ability;

(2) Definition of default and credit-impaired assets

A financial instrument is defined as defaulted when one or more following events have occurred, of which the standard is consistent with that for credit-impairment:

1) significant financial difficulty of the debtor;

2) a breach of binding clause of contract;

3) it is very likely that the debtor will enter bankruptcy or other financial reorganization;

4) the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor would not otherwise consider.

2. Measurement of expected credit losses

The key factors in the measurement of expected credit loss include the probability of default, loss given default, and exposure to default risk. The Company develops a model of the probability of default, loss given default, and exposure to default risk on the basis of quantitative analysis of historical data (e.g., counterparty rating, guarantee measures and collateral type, payment method, etc.) and forward-looking information.

3. Please refer to section V (I) 2, V (I) 3, V (I) 4, V (I) 6 and V (I) 21 of notes to the financial statements for details on the reconciliation table of opening balance and closing balance of loss allowances of financial instrument.

4. Exposure to credit risk and concentration of credit risk

The Company's credit risk is primarily attributable to cash and bank balances and receivables. In order to control such risks, the Company has taken the following measures:

(1) Cash and bank balances

The Company deposits its bank balances and other cash and bank balances in financial institutions with relatively high credit levels, hence, its credit risk is relatively low.

(2) Receivables

The Company performs credit assessment on customers using credit settlement on a regular basis. The Company selects credible and well-reputed customers based on credit assessment result, and conducts ongoing monitoring on balance of receivables, to avoid significant risks in bad debts.

As the Company only conducts business with credible and well-reputed third parties, collateral is not required from customers. The Company manages credit risk aggregated by customers. As of December 31, 2024, the Company has certain concentration of credit risk, and 59.00% (December 31, 2023: 56.18%) of the total accounts receivable was due from the five largest customers of the Company. The Company held no collateral or other credit enhancement on balance of accounts receivable.

The maximum amount of exposure to credit risk of the Company is the carrying amount of each financial asset at the balance sheet.

(II) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with cash or other financial assets settlement, which is possibly attributable to failure in selling financial assets at fair value on a timely basis, or failure in collecting liabilities from counterparties of contracts, or early redemption of debts, or failure in achieving estimated cash flows.

In order to control such risk, the Company comprehensively utilizes financing tools such as notes settlement, bank borrowings, etc. and adopts long-term and short-term financing methods to optimize financing structures, and finally maintains a balance between financing sustainability and flexibility. The Company has obtained credit limit from several commercial banks to meet working capital requirements and expenditures.

Financial liabilities classified based on remaining time period till maturity

Items	Closing balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	15,567,298,885.42	16,002,289,880.45	7,014,700,204.70	5,541,241,956.79	3,446,347,718.96
Notes payable	190,995,331.81	190,995,331.81	190,995,331.81		
Accounts payable	4,524,023,879.56	4,524,023,879.56	4,524,023,879.56		
Other payables	439,067,901.48	439,067,901.48	439,067,901.48		
Lease liabilities	1,105,002,989.11	1,860,885,764.83	392,552,413.08	222,461,623.76	1,245,871,727.99
Long-term payables	533,781,410.15	533,781,410.15	533,781,410.15		
Subtotal	22,360,170,397.53	23,551,044,168.28	13,095,121,140.78	5,763,703,580.55	4,692,219,446.95

(Continued)

Items	December 31, 2023				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	16,704,064,180.11	13,622,875,566.59	5,284,577,227.51	2,780,026,991.60	5,558,271,347.48
Notes payable	824,517,193.64	824,517,193.64	824,517,193.64		
Accounts payable	2,812,406,457.12	2,812,406,457.12	2,812,406,457.12		
Other payables	517,714,766.96	517,714,766.96	517,714,766.96		
Lease liabilities	1,281,592,178.03	2,002,003,673.06	416,838,399.59	265,139,670.93	1,320,025,602.54
Long-term payables	1,122,543,883.19	1,122,543,883.19	1,122,543,883.19		
Subtotal	23,262,838,659.05	20,902,061,540.56	10,978,597,928.01	3,045,166,662.53	6,878,296,950.02

(III) Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market price. Market risk mainly includes interest risk and foreign currency risk.

1. Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market interest rates. The Company's fair value interest risks arise from fixed-rate financial instruments, while the cash flow interest risks arise from floating-rate financial instruments. The Company determines the proportion of fixed-rate

financial instruments and floating-rate financial instruments based on the market environment, and maintains a proper financial instruments portfolio through regular review and monitoring. The Company's interest risk in cash flows relates mainly to bank borrowings with floating interest rate.

As of December 31, 2024, balance of borrowings with interest accrued at floating interest rate totaled 10,323,564,066.46 yuan (December 31, 2023: 9,703,565,532.73 yuan). Rising interest rates would increase the borrowing costs of new interest-bearing debt and the interest expenses of the Company's outstanding interest-bearing liabilities at floating interest rate, thereby adversely impacting the Company's financial performance. In response, the Management will promptly adjust strategies based on the latest market conditions, including appropriately increasing the proportion of fixed-rate debt arrangements, to mitigate risks associated with financial instruments.

2. Foreign currency risk

Foreign currency risk is the risk arising from changes in fair value or future cash flows of financial instrument resulted from changes in exchange rate. The Company's foreign currency risk relates mainly to foreign currency monetary assets and liabilities. When short-term imbalance occurred to foreign currency assets and liabilities, the Company may trade foreign currency at market exchange rate when necessary, in order to maintain the net risk exposure within an acceptable level.

Please refer to section V (IV) 1 of notes to the financial statements for details on foreign currency financial assets and liabilities at the balance sheet date.

X. Fair value disclosure

(I) Details of fair value of assets and liabilities at fair value at the balance sheet date

Items	Closing fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Recurring fair value measurement				
1. Receivables financing			42,218,961.77	42,218,961.77
2. Other equity instrument investments	78,936,318.53		47,550,000.00	126,486,318.53
(1) Listed equity instrument investments	78,936,318.53			78,936,318.53
(2) Unlisted equity instrument investments			47,550,000.00	47,550,000.00
3. Other non-current financial assets		31,066,000.00	205,971,307.86	237,037,307.86
(1) Financial assets at fair value through profit or loss		31,066,000.00	205,971,307.86	237,037,307.86
Total assets at recurring fair value measurement	78,936,318.53	31,066,000.00	295,740,269.63	405,742,588.16

(II) Basis for determining level 1 fair value at recurring fair value measurement

The other equity instrument investments measured at level 1 fair value held by the Company include shares traded in active markets. The Company determines their fair value based on quoted prices in active markets.

(III) Qualitative and quantitative information of valuation technique(s) and key input(s) for level 2 fair value at recurring fair value measurement

The other non-current financial assets measured at level 2 fair value held by the Company refer to LP interests in limited partnerships. The stocks of the entities invested in by the underlying funds are quoted in active markets. The Company determines the fair value of these assets based on its proportionate share in the fund.

(IV) Qualitative and quantitative information of valuation technique(s) and key input(s) for level 3 fair value at recurring fair value measurement

1. The receivables financing measured at level 3 fair value held by the Company refers to bank acceptance receivable. Given the low credit risk and short remaining term, the Company determines their fair value based on the par value.

2. The other equity instrument investments and other non-current financial assets measured at level 3 fair value held by the Company refer to equity of unlisted companies. For these unlisted equity investments, the Company estimates the fair value using a combination of methods such as the market approach and discounted future cash flows. For investments in companies where there have been no significant changes in the business environment, operations, or financial condition, the Company uses the investment cost as a reasonable estimate of fair value.

XI. Related party relationships and transactions

(I) Related party relationships

1. Parent company

(1) Details

Parent company	Place of registration	Business nature	Registered capital	Holding proportion over the Company (%)	Voting right proportion over the Company (%)
Shanshan Group Co., Ltd.	Floor 26, No. 777 Rili Middle Road, Shounan Subdistrict, Yinzhou District, Ningbo City, Zhejiang Province	Investment	298,418,756	34.71	36.35

Please refer to section XV (II) of notes to the financial statements for details on shareholding and pledge of the Company's controlling shareholder at the balance sheet date.

On February 10, 2023, the Company's former actual controller, Mr. Zheng Yonggang, passed away due to illness. The Company's shares held by him and related rights are expected to enter

inheritance proceedings in accordance with applicable laws and regulations. As of the date of approval for issuing the financial statements, the Company has not received any legally effective written documents or notifications confirming a new actual controller. The Company will continue to closely monitor the situation and reassess the identity of the actual controller based on the progress of the inheritance process.

2. Please refer to section VII of notes to the financial statements for details on the Company's subsidiaries.

3. Joint ventures and associates of the Company

Please refer to section VII of notes to the financial statements for details on the Company's significant joint ventures and associates. Details of other joint ventures or associates carrying out related party transactions with the Company in the current period or in preceding period but with balance in the current period are as follows:

Joint ventures or associates	Relationships with the Company
Ningbo Levineng Energy Storage System Co., Ltd.	Joint venture
Anhui Levineng Power Battery Co., Ltd.	Joint venture
Shanshan Brand Management Co., Ltd.	Associate
Zhejiang Chouzhou Commercial Bank Co., Ltd.	Associate
Ningbo Airport Logistics Development Co., Ltd.	Associate
Winsky High-tech Group Co., Ltd.	Associate
Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd.	Associate
Suzhou Shanyue Energy Systems Co., Ltd.	Associate
Ningbo Shanqi Property Service Co., Ltd.	Associate
BASF Shanshan Battery Materials Co., Ltd.	Associate
BASF Shanshan Battery Materials (Ningxia) Co., Ltd.	Associate
Inner Mongolia Mengji New Carbon Materials Co., Ltd.	Associate
Suiyong Holding Co., Ltd.	Associate
Jiangxi Zhanxiao New Energy Technology Co., Ltd.	Associate
Sunyes Shanshan Advanced Materials Technology (Quzhou) Co., Ltd.	Associate
Ningbo New Airport International Logistics Co., Ltd.	Subsidiary of associate
Ningbo Shanjing Clothing Co., Ltd.	Associate of associate

4. Other related parties of the Company

Related parties	Relationships with the Company
Ningbo Ligang Technology Service Co., Ltd.	Under control of the controlling shareholder
Ningbo Shanli Packaging Supplies Co., Ltd.	Under control of the controlling shareholder

Related parties	Relationships with the Company
Ningbo Shanju Industrial Co., Ltd.	Under control of the controlling shareholder
Ningbo Shanqi Property Service Co., Ltd.	Under control of the controlling shareholder
Ningbo Shanshan Technology Entrepreneurship Service Co., Ltd.	Under control of the controlling shareholder
Ningbo Shanshan Energy Chemical Co., Ltd.	Under control of the controlling shareholder
Ningbo Shanshan Resources Co., Ltd.	Under control of the controlling shareholder
Ningbo Shanxin Commercial Real Estate Management Co., Ltd.	Under control of the controlling shareholder
Ningbo Shunnuo Trading Co., Ltd.	Under control of the controlling shareholder
Shanshan Resources Group Co., Ltd.	Under control of the controlling shareholder
Shanghai Juzi Business Consulting Co., Ltd.	Under control of the controlling shareholder
Shanghai Hongbao Business Consulting Co., Ltd.	Under control of the controlling shareholder
Shanghai Jiaju Business Consulting Co., Ltd.	Under control of the controlling shareholder
Shanghai Shanshan Industrial Co., Ltd.	Under control of the controlling shareholder
Shanghai Yinkai Business Consulting Co., Ltd.	Under control of the controlling shareholder
Ningbo Yuantong Trading Co., Ltd.	Under significant influence of the controlling shareholder
Shanghai Junsheng Tongda Real Estate Co., Ltd.	Under actual control of the controlling shareholder
Ningbo Huafan Network Technology Co., Ltd.	Under actual control of the controlling shareholder
Jiangsu Shanyuan Technology Co., Ltd.	Investee
Beiben Trucks Group Co., Ltd.	Non-controlling shareholder of subsidiaries

(II) Related party transactions

1. Purchase and sale of goods, rendering and receiving of services

(1) Purchase of goods and receiving of services

Unit: in ten thousand yuan

Related parties	Content of transactions	Current period cumulative	Preceding period comparative
Jiangsu Shanyuan Technology Co., Ltd.	Purchase of goods	14.82	5.90
Inner Mongolia Mengji New Carbon Materials Co., Ltd.	Purchase of goods	6,694.40	13,594.47
Ningbo Yuantong Trading Co., Ltd.	Purchase of goods	1,036.21	10,889.45
Shanshan Brand Management Co., Ltd.	Purchase of goods	146.90	534.02
Ningbo Shanli Packaging Supplies Co., Ltd.	Purchase of goods		598.70
Ningbo New Airport International Logistics Co., Ltd.	Transportation fees	1,960.27	620.59
Ningbo Ligang Technology Service Co., Ltd.	Utilities and property management fees		19.69
Ningbo Shanshan Technology Entrepreneurship Service Co., Ltd.	Property management fees		177.50

Related parties	Content of transactions	Current period cumulative	Preceding period comparative
Jiangxi Zhanxiao New Energy Technology Co., Ltd.	Purchase of goods		37.60
Winsky High-tech Group Co., Ltd.	Charging service fees for electric vehicles		12.74
Sunyes Shanshan Advanced Materials Technology (Quzhou) Co., Ltd.	Purchase of goods	5.33	
Total		9,857.93	26,490.66

(2) Sale of goods and rendering of services

Unit: in ten thousand yuan

Related parties	Content of transactions	Current period cumulative	Preceding period comparative
BASF Shanshan Battery Materials Co., Ltd.	Financial services	22.07	91.45
BASF Shanshan Battery Materials (Ningxia) Co., Ltd.	Financial services		52.87
Jiangxi Zhanxiao New Energy Technology Co., Ltd.	Sales of goods		17.89
Shanshan Brand Management Co., Ltd.	Utilities and property management fees	120.16	33.33
Jiangxi Zhanxiao New Energy Technology Co., Ltd.	Utilities and property management fees	19.80	0.33
Jiangsu Shanyuan Technology Co., Ltd.	Sales of goods	0.04	
Ningbo Levineng Energy Storage System Co., Ltd.	Sales of goods	188.58	
BASF Shanshan Battery Materials Co., Ltd.	Sales of goods		0.19
Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd.	Utilities and property management fees	12.98	12.12
Ningbo Levineng Energy Storage System Co., Ltd.	Utilities and property management fees	0.04	6.28
Anhui Levineng Power Battery Co., Ltd.	Sales of goods	695.68	531.24
Inner Mongolia Mengji New Carbon Materials Co., Ltd.	Sales of goods	135.67	
Ningbo Yuantong Trading Co., Ltd.	Sales of goods	126.00	
Ningbo Shanli Packaging Supplies Co., Ltd.	Utilities	0.23	
Ningbo Shanjing Clothing Co., Ltd.	Utilities	60.29	
Shanshan Brand Management Co., Ltd.	Renovation services	37.98	
Suiyong Holding Co., Ltd.	Software service fees	14.15	
Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd.	Software service fees	0.28	
Jiangsu Shanyuan Technology Co., Ltd.	Software service fees	0.28	
Total		1,434.23	745.70

2. Related party leases

(1) The Company as the lessor

Unit: in ten thousand yuan

Lessees	Types of assets leased	Lease income for the current period	Lease income for the preceding period
Shanshan Brand Management Co., Ltd.	Buildings and structures	207.12	230.59
Ningbo Levineng Energy Storage System Co., Ltd.	Buildings and structures	0.15	63.38
Jiangxi Zhanxiao New Energy Technology Co., Ltd.	Buildings and structures		3.54
Ningbo Shanju Industrial Co., Ltd.	Buildings and structures	8.35	10.96
Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd.	Buildings and structures	75.79	75.18
Ningbo Shanxin Commercial Real Estate Management Co., Ltd.	Buildings and structures	68.66	43.76
Ningbo Shanshan Resources Co., Ltd.	Buildings and structures	30.45	43.66
Shanshan Resources Group Co., Ltd.	Buildings and structures	31.76	56.14
Ningbo Shanshan Energy Chemical Co., Ltd.	Buildings and structures	57.13	88.21
Shanghai Shanshan Industrial Co., Ltd.	Buildings and structures	69.35	
Total		548.76	615.42

(2) The Company as the lessee

Unit: in ten thousand yuan

Lessors	Types of assets leased	Current period cumulative			
		Expenses for short-term leases and leases of low-value assets with simplified approach and variable lease payments not included in the measurement of lease liabilities	Lease with right-of-use assets recognized		
			Lease expenses paid (excluding variable lease payments not included in the measurement of lease liabilities)	Interest expense on lease liabilities	Right-of-use assets increased
Ningbo Ligang Technology Service Co., Ltd.	Buildings and structures				
Ningbo Shanqi Property Service Co., Ltd.	Buildings and structures	1.16			
Ningbo Shunnuo Trading Co., Ltd.	Buildings and structures				
Shanghai Junsheng Tongda Real Estate Co., Ltd.	Buildings and structures		594.67	26.38	
Shanshan Group Co., Ltd.	Buildings and structures		151.54	6.64	
Shanghai Juzi Business Consulting Co., Ltd.	Buildings and structures				
Shanghai Jiayu Business Consulting Co., Ltd.	Buildings and structures				

Lessors	Types of assets leased	Current period cumulative			
		Expenses for short-term leases and leases of low-value assets with simplified approach and variable lease payments not included in the measurement of lease liabilities	Lease with right-of-use assets recognized		
			Lease expenses paid (excluding variable lease payments not included in the measurement of lease liabilities)	Interest expense on lease liabilities	Right-of-use assets increased
Shanghai Hongbao Business Consulting Co., Ltd.	Buildings and structures				
Shanghai Yinkai Business Consulting Co., Ltd.	Buildings and structures				
Total		1.16	746.21	33.02	

(Continued)

Lessors	Types of assets leased	Preceding period comparative			
		Expenses for short-term leases and leases of low-value assets with simplified approach and variable lease payments not included in the measurement of lease liabilities	Lease with right-of-use assets recognized		
			Lease expenses paid (excluding variable lease payments not included in the measurement of lease liabilities)	Interest expense on lease liabilities	Right-of-use assets increased
Ningbo Ligang Technology Service Co., Ltd.	Buildings and structures		341.92	7.47	330.29
Ningbo Shanqi Property Service Co., Ltd.	Buildings and structures				
Ningbo Shunnuo Trading Co., Ltd.	Buildings and structures		37.19	0.65	26.87
Shanghai Junsheng Tongda Real Estate Co., Ltd.	Buildings and structures		1,507.07	166.69	
Shanshan Group Co., Ltd.	Buildings and structures		106.37	10.76	301.00
Shanghai Juzi Business Consulting Co., Ltd.	Buildings and structures		152.01	16.17	427.61
Shanghai Jiaju Business Consulting Co., Ltd.	Buildings and structures		223.69	23.80	
Shanghai Hongbao Business Consulting Co., Ltd.	Buildings and structures		223.69	23.80	
Shanghai Yinkai Business Consulting Co., Ltd.	Buildings and structures		151.86	16.16	
Total			2,743.80	265.50	1,085.77

3. Related party guarantees

(1) The Company and its subsidiaries as guaranteed parties

Unit: in ten thousand yuan

Guarantors	Amount guaranteed	Commencement date	Maturity date	Whether the guarantee is mature
Shanshan Group Co., Ltd.	30,000.00	October 1, 2023	October 1, 2025	No
Shanshan Group Co., Ltd.	10,000.00	March 24, 2022	March 11, 2025	No
Shanshan Group Co., Ltd.	40,000.00	December 14, 2022	December 14, 2025	No
Shanshan Holdings Co., Ltd.	30,000.00	January 2, 2024	January 1, 2027	No
Shanshan Holdings Co., Ltd.	20,000.00	March 31, 2022	March 31, 2025	No
Shanshan Holdings Co., Ltd.	300,000.00	January 19, 2021	January 19, 2026	No
Total	430,000.00			

4. Call loans between related parties

Unit: in ten thousand yuan

Related parties	Amount	Commencement date	Maturity date	Remarks
Call loans to related parties				
Shanshan Holdings Co., Ltd.	1,000.00	April 3, 2023	March 21, 2024	
Shanshan Holdings Co., Ltd.	7,000.00	April 4, 2023	March 21, 2024	
Shanshan Holdings Co., Ltd.	15,000.00	January 10, 2024	March 22, 2024	

5. Key management's emoluments

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	27,010,200.00	26,237,000.00

6. Other related party transactions

(1) In 2024, the Company and its subsidiaries have no bank loans with Zhejiang Chouzhou Commercial Bank Co., Ltd. As of December 31, 2024, the balance of cash in bank of the Company and its subsidiaries with Zhejiang Chouzhou Commercial Bank Co., Ltd. was 0.93 million yuan, and the interest income for 2024 was 0.30 million yuan.

(2) In January 2023, the Company made an advance payment of 520 million yuan as an intention deposit for purchase of housing property to Ningbo Huafan Network Technology Co., Ltd., which is under control of Shanshan Holdings. The transaction was later terminated due to uncertainties regarding the processing time of the certificate of titles. In June 2023, 450 million yuan was returned, and the remaining balance was 70 million yuan as of the end of 2023. The transaction resumed in early 2024, and on January 25, 2024, the Company made another advance payment of

600 million yuan for the purchase of housing property. However, the Board of Directors determined that the transaction constituted a related-party transaction and therefore required separate decision-making procedures and disclosure. The Company requested the counterparty to return the full amount of the advance payment totaling 670 million yuan along with corresponding interest. As of April 1, 2024, the Company had received the full amount of the advance payment and interest calculated based on the bank's loan interest rate for the same term.

(III) Balances due to or from related parties

1. Balances due from related parties

Unit: in ten thousand yuan

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	Anhui Levineng Power Battery Co., Ltd.	502.19	25.09	127.88	6.39
	Jiangxi Zhanxiao New Energy Technology Co., Ltd.	77.83	3.89	77.82	3.89
	Ningbo Levineng Energy Storage System Co., Ltd.	406.40	81.18	406.93	81.29
	Ningbo Yuantong Trading Co., Ltd.	142.38			
Subtotal		1,128.80	110.16	612.63	91.57
Advances paid					
	Ningbo Yuantong Trading Co., Ltd.	702.06		910.92	
Subtotal		702.06		910.92	
Other receivables					
	Beiben Trucks Group Co., Ltd.			5,598.04	3,918.63
	Ningbo Levineng Energy Storage System Co., Ltd.	81.38	40.69	119.99	60.00
	Suiyong Holding Co., Ltd.	400.00		450.00	
	Ningbo Huafan Network Technology Co., Ltd.			968.25	
	Shanshan Holdings Co., Ltd.			10,163.79	
	Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd.			613.50	30.68
Subtotal		481.38	40.69	17,913.57	4,009.31
Other non-current assets					
	Ningbo Huafan Network Technology Co., Ltd.			7,000.00	
Subtotal				7,000.00	

2. Balances due to related parties

Unit: in ten thousand yuan

Items	Related parties	Closing balance	Opening balance
Accounts payable			
	Jiangsu Shanyuan Technology Co., Ltd.	8.10	0.70
	Inner Mongolia Mengji New Carbon Materials Co., Ltd.	3,314.98	2,586.71
	Ningbo Levineng Energy Storage System Co., Ltd.	74.80	74.80
	Ningbo New Airport International Logistics Co., Ltd.	738.49	0.75
	Shanshan Brand Management Co., Ltd.	80.87	183.96
	Ningbo Shanli Packaging Supplies Co., Ltd.		262.11
	Sunyes Shanshan Advanced Materials Technology (Quzhou) Co., Ltd.	0.09	
Subtotal		4,217.33	3109.03
Advances received			
	Ningbo Shanshan Energy Chemical Co., Ltd.		44.99
	Ningbo Shanxin Commercial Real Estate Management Co., Ltd.		10.83
Subtotal			55.82
Other payables			
	Suzhou Shanyue Energy Systems Co., Ltd.	1.82	1.82
	Ningbo Levineng Energy Storage System Co., Ltd.	0.12	8.27
	Ningbo Shanqi Property Service Co., Ltd.	707.51	707.51
	Ningbo Shanshan Energy Chemical Co., Ltd.		15.44
	Ningbo Shanshan Resources Co., Ltd.		8.82
	Ningbo Shanxin Commercial Real Estate Management Co., Ltd.	16.49	16.49
	Ningbo New Airport International Logistics Co., Ltd.	100.8	100.80
	Shanshan Brand Management Co., Ltd.	60.71	60.71
	Shanshan Resources Group Co., Ltd.		4.00
	Shanghai Shanshan Industrial Co., Ltd.	14.63	14.63
Subtotal		902.08	938.49

XII. Share-based payment

(I) Overall information

1. Details

Objects	Quantity and amount of equity instruments							
	Granted in the current period		Vested in the current period		Unlocked in the current period		Expired in the current period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Stock options							2,947,000.00	3,695,243.34
Restricted shares							1,206,000.00	2,759,159.35
Total							4,153,000.00	6,454,402.69

2. Share options and other equity instruments outstanding at the balance sheet date

Objects	Share options outstanding		Other equity instruments outstanding	
	Range of exercise prices	Remaining contractual life	Range of exercise prices	Remaining contractual life
Stock options	27.85	15 months		
Restricted shares			13.76	17 months

3. Other remarks

Pursuant to the “Proposal on the Adjustment of Exercise Price and Cancellation of Certain Stock Options under the Company’s 2022 Stock Option and Restricted Stock Incentive Plan” and the “Proposal on the Adjustment of the List of Incentive Targets, Grant Price, and Number of Grants under the Company’s 2022 Stock Option and Restricted Stock Incentive Plan” deliberated and approved at the 30th meeting of the 10th session of the Board of Directors and the 20th meeting of the 10th session of the Board of Supervisors dated May 26, 2022, the stock options are granted to 435 targets, with a total of 45.01 million options; the restricted shares are granted to 417 targets, with a total of 18,334,100 shares. The exercise price of the granted stock options is set at 28.18 yuan per share, and the grant price of the restricted shares is 14.09 yuan per share. The stock options are exercisable in four tranches, with vesting periods of 12 months, 24 months, 36 months, and 48 months from the date of the initial grant. The restricted shares will be unlocked in four stages, with lock-up periods of 12 months, 24 months, 36 months, and 48 months from the completion of the initial grant registration. Subsequent to the completion of the Company’s 2021 equity distribution on May 25, 2022, the Board of Directors agreed to adjust the exercise price of the stock options under this incentive plan from 28.18 yuan per share to 27.85 yuan per share, and the grant price of the restricted shares from 14.09 yuan per share to 13.76 yuan per share. In light of the fact that seven incentive targets from the initial grant have left the Company and no longer qualify for the incentive, and 13 other targets have voluntarily waived their subscriptions, along with several targets who have voluntarily relinquished certain rights, the Board of Directors approved corresponding adjustments to the list of incentive targets and the number of grants for

the restricted shares. After adjustment, the number of targets in the initial grant of restricted shares has been revised from 437 to 417, and the number of shares granted has been adjusted from 19,320,000 to 18,334,100 shares.

(II) Equity-settled share-based payment

1. Details

Items	Stock options	Restricted shares
Determination method and key parameters of grant-date fair value of equity instruments	The Black-Scholes Model is used to value the Company's equity on the grant date, so as to determine its fair value.	Determined based on the closing price of the Company's A-shares on the grant date.
Determination method for the number of equity instruments expected to vest	At each balance sheet date during the vesting period, the Company makes the best estimate of, and accordingly adjusts, the number of equity instruments expected to be exercised or vest based on the latest available information, including changes in the number of employees eligible for exercise, the fulfillment of performance conditions for exercise/unlocking, and the completion of performance assessments.	
Reasons for significant difference between the estimates in the current period and preceding period	No significant differences compared to the preceding period.	
Capital reserve accumulated due to equity-settled share-based payment	53,308,703.52	

2. Other remarks

At each balance sheet date, the Company adjusts the number of stock options expected to be exercised based on the latest available information, including changes in the number of employees eligible for exercise, the fulfillment of performance conditions, and other subsequent information. The Company uses the Black-Scholes model to calculate the fair value of the options and forecasts the 45.08 million stock options granted initially, using the closing price on February 23, 2022, as the benchmark. Similarly, at each balance sheet date, the Company adjusts the number of restricted shares expected to be unlocked based on latest changes in the number of employees eligible for unlocking, the completion of performance conditions, and other subsequent information. The Company recognizes the corresponding services received in the current period based on the fair value of the restricted shares at the grant date, and accounts for them in the relevant assets, costs or expenses, and capital reserves.

(III) Total share-based payments recognized in the current period

Objects	Equity-settled share-based payment	Cash-settled share-based payment
Management personnel	-19,774,285.92	
R&D personnel	-1,668,480.31	
Manufacturing personnel	-1,551,019.62	
Sales personnel	-667,767.10	
Total	-23,661,552.95	

XIII. Commitments and contingencies

(I) Significant commitments

1. Unsettled letters of credit

Currency	Amount in original currency
RMB	343,563,070.33
JPY	10,445,068,349.00

2. Unsettled letters of guarantee

Categories	Currency	Amount in original currency
Quality guarantee	RMB	3,040,000.00
Consolidated tax payment guarantee	RMB	161,000,000.00

(II) Contingencies

1. Contingent liabilities incurred by pending lawsuit/arbitration and the financial effect

On June 28, 2024, Xinya Process (Zhejiang) Co., Ltd. (the “Xinya Process”) and Zhejiang Sunyes Zhongning New Energy Co., Ltd. (the “Sunyes Zhongning”) filed a lawsuit against Ningbo Yongquan Investment Co., Ltd. (the “Yongquan Investment”), Ningbo Shanshan New Energy Technology Development Co., Ltd., and the Company, citing discrepancies between the actual production capacity of certain production lines of Sunyes Shanshan Advanced Materials Technology (Quzhou) Co., Ltd. (the “Sunyes Shanshan”) and the capacity originally represented. On July 12, 2024, Yongquan Investment filed a separate lawsuit, alleging that Sunyes Zhongning failed to pay the equity transfer consideration stipulated in the Settlement Agreement. The evidence exchange for the above case was conducted on April 21, 2025.

The Company believes that the lawsuit filed by Xinya Process against Yongquan Investment is groundless, as Yongquan Investment did not make any concrete production capacity commitments, and the agreement does not specify that the payment milestones for the equity transfer are contingent upon the achievement of a particular production capacity. Based on the fundamental facts of the case and legal counsel’s opinion, the Company believes it is highly likely to prevail in the litigation and has therefore not recognized any provisions for contingent liabilities. However, taking into account impact of the following factors on the recoverability of the receivables, such as the financial and operational condition of Xinya Process, the complexity of the litigation process, and the ages of the receivables, the Management has adopted a prudent approach and recognized provision for bad debts of 56.72 million yuan on an individual basis at the end of the period, based on 30% of the balance of other receivables due from Xinya Process.

2. In the current period, the Company has no contingent liabilities incurred by providing debt guarantees for other entities and the financial effect

XIV. Events after the balance sheet date

(I) Profit distribution after the balance sheet date

In light of the Company's overall operational losses in 2024 and in accordance with the relevant provisions of the Articles of Association, the Company does not meet the prerequisites for cash dividends. After comprehensive consideration of the current production and operational conditions as well as future business development requirements, and with a view to safeguarding the long-term interests of the Company and its shareholders, it is proposed that no cash dividends be distributed, no bonus shares be issued, and no conversion of capital reserve into share capital be implemented in 2024.

(II) Other remarks

The Company's subsidiary Shanjin Optoelectronics (Suzhou) Co., Ltd. and its wholly-owned subsidiary Shanjin Optoelectronics (Guangzhou) Co., Ltd., intend to acquire LG Chem Ltd.'s SP business and related assets in Mainland China, South Korea, and Vietnam for an initial transfer price of 1,406.85 million yuan. (The SP business refers to: (1) special polarizer products for OLED displays; (2) LCD polarizer products for the automotive LCD business, and used in products of a certain customer or its related parties or supplied for use in such products) The final price will be adjusted based on factors such as initial transfer price, normalized inventory value, and delivery inventory value.

The transaction was deliberated and approved by the Company's General Manager's Office, and the SP Business Framework Agreement and the Revised and Restated SP Business Framework Agreement were signed with LG Chem and its subsidiaries on September 27, 2023 and December 6, 2024, respectively.

As of December 31, 2024, the Company's subsidiaries had cumulatively paid a total of 1,462.87 million yuan (including deposits) to the counterparty. On the same date, all parties entered into a Closing Memorandum confirming that all payments and settlements under the framework agreement (except those related to SP intellectual property transfer and licensing fees) were completed on the closing date.

On January 13, 2025, the Company's subsidiaries and the counterparty completed handover and final settlement, supported by a liquidation report issued by KPMG Samjong Accounting Corp., which confirmed the final settlement price to be 1,341.03 million yuan. As of February 27, 2025, the Company's subsidiaries had accumulatively received the returned settlement funds and deposits totaling 703.82 million yuan, and paid 581.97 million yuan for intellectual property rights transfer.

XV. Other significant events

(I) Segment information

1. Identification basis for reportable segments

Reportable segments are identified according to the structure of the Company's internal organization, management requirements and internal reporting system, and based on business segments. Operating revenue and operating cost are allocated among segments based on sales of goods, processing on behalf of customers, and services and other sales.

The Company identified reportable segments based on geographic segments, operating revenue and cost are allocated between segments based on locations where sales are realized, and total assets and liabilities of each reportable segment cannot be accurately allocated and therefore will not be disclosed.

2. Financial information of reportable segments

(1) Based on business segments

Items	Polarizer segment	lithium battery materials segment	New energy vehicle segment	Investment segment	Others	Inter-segment offsetting	Total
Operating revenue	10,420,620,054.39	8,215,255,235.75	1,211,910.89		76,277,924.44	-33,636,104.07	18,679,729,021.40
Including: Revenue from sales of goods	10,369,640,338.71	8,214,865,258.59	1,187,787.60		1,703,721.00	-945,810.22	18,586,451,295.68
Revenue from processing on behalf of customers	29,764,364.23						29,764,364.23
Revenue from services and other sales	21,215,351.45	389,977.16	24,123.29		74,574,203.44	-32,690,293.85	63,513,361.49
Operating cost	9,298,927,423.80	6,684,817,008.24	3,571,211.94		16,910,280.10	-5,360,431.55	15,998,865,492.53
Total assets	15,448,737,840.27	26,232,058,331.32	33,297,722.88	1,518,959,215.72	29,757,512,558.44	-26,782,583,364.04	46,207,982,304.59
Total liabilities	4,248,412,392.26	15,494,773,789.50	112,296,071.91	10,551,253.56	7,820,054,346.20	-4,012,592,931.55	23,673,494,921.88

(2) Based on geographic segments

Items	Revenue	Cost
China mainland	16,976,003,339.26	14,479,639,426.10
China Taiwan	132,347,079.68	128,567,381.61
Export	1,571,378,602.46	1,390,658,684.82
Subtotal	18,679,729,021.40	15,998,865,492.53

(II) As of December 31, 2024, the pledge and judicial freeze of major shareholders' shares

Unit: shares

Shareholders	Number of shares held at the balance sheet date	Proportion (%)	Number of shares with restricted sale conditions	Status of pledge, mark, or freeze	
				Share status	Quantity
Shanshan Group Co., Ltd.	782,222,036	34.71	205,264,756	Pledged	716,992,036
				Marked	287,012,036
				Frozen	370,540,078
Ningbo Pengze Trading Co., Ltd.	205,264,756	9.11	205,264,756	Pledged	205,264,756
				Marked	53,544,756
Ningbo Yinzhou Jielun Investment Co., Ltd.	77,873,254	3.46	77,873,254	Pledged	29,580,000
				Frozen	48,293,254
Shanshan Holdings Co., Ltd.	72,212,189	3.2		Pledged	29,430,541
				Marked	29,430,541
				Frozen	42,781,648

XVI. Notes to items of parent company financial statements

(I) Notes to items of parent company balance sheet

1. Accounts receivable

(1) Age analysis

Ages	Closing balance	Opening balance
Within 1 year	5,195,776.91	3,959,016.93
1-2 years	732,685.45	1,983,578.15
2-3 years	1,225,933.86	
3-4 years		71,285.23
Over 5 years	92,379.00	578,643.93
Book balance	7,246,775.22	6,592,524.24
Less: Provision for bad debts	684,103.68	1,008,725.33
Carrying amount	6,562,671.54	5,583,798.91

(2) Provision for bad debts

1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis					
Receivables with provision made on a collective basis	7,246,775.22	100.00	684,103.68	9.44	6,562,671.54
Including: Portfolio grouped with balances due from related parties within the consolidation scope	2,182,257.50	30.11			2,182,257.50
Portfolio grouped with ages	5,064,517.72	69.89	684,103.68	13.51	4,380,414.04
Total	7,246,775.22	100.00	684,103.68	9.44	6,562,671.54

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis					
Receivables with provision made on a collective basis	6,592,524.24	100.00	1,008,725.33	15.30	5,583,798.91
Including: Portfolio grouped with balances due from related parties within the consolidation scope	2,214,720.89	33.59	640,408.70	28.92	1,574,312.19
Portfolio grouped with ages	4,377,803.35	66.41	368,316.63	8.41	4,009,486.72
Total	6,592,524.24	100.00	1,008,725.33	15.30	5,583,798.91

2) Accounts receivable with provision made on a collective basis using age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	3,013,519.41	150,675.97	5.00
1-2 years	732,685.45	73,268.55	10.00
2-3 years	1,225,933.86	367,780.16	30.00
3-4 years			50.00
4-5 years			50.00
Over 5 years	92,379.00	92,379.00	100.00
Subtotal	5,064,517.72	684,103.68	13.51

(3) Changes in provision for bad debts

Items	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery or reversal	Write-off	Others	
Receivables with provision made on an individual basis						
Receivables with provision made on a collective basis	1,008,725.33	-324,621.65				684,103.68
Total	1,008,725.33	-324,621.65				684,103.68

(5) Details of the top 5 debtors with largest balances of accounts receivable and contract assets

Debtors	Closing book balance			Proportion to the total balance of accounts receivable and contract assets (%)	Provision for bad debts of accounts receivable and provision for impairment of contract assets
	Accounts receivable	Contract assets	Subtotal		
Ningbo Shanshan New Materials Technology Co., Ltd.	2,182,257.50		2,182,257.50	30.11	
Ningbo Levineng Energy Storage System Co., Ltd.	1,960,698.95		1,960,698.95	27.06	441,152.69
Ningbo Rongde Commercial Management Co., Ltd.	1,563,303.97		1,563,303.97	21.57	78,165.20
Dongliu Subdistrict Office of the People's Government of Yinzhou District, Ningbo City	413,400.00		413,400.00	5.70	20,670.00
Ningbo Ulica Solar Co., Ltd.	406,870.30		406,870.30	5.61	20,343.52
Subtotal	6,526,530.72		6,526,530.72	90.06	560,331.41

2. Other receivables

(1) Details

Items	Closing balance	Opening balance
Dividend receivable	4,000,000.00	4,500,000.00
Other receivables	2,752,065,020.15	3,006,622,040.54
Total	2,756,065,020.15	3,011,122,040.54

(2) Dividend receivable

Items	Closing balance	Opening balance
Suiyong Holding Co., Ltd.	4,000,000.00	4,500,000.00
Subtotal	4,000,000.00	4,500,000.00

(3) Other receivables

1) Age analysis

Ages	Closing balance	Opening balance
Within 1 year	2,052,706,254.60	1,989,789,280.57
1-2 years	733,902,265.83	947,209,773.58
2-3 years		160,887.34
3-4 years	160,887.34	42,000,000.00
4-5 years	38,000,000.00	7,100,000.00
Over 5 years	18,712,716.03	287,809,666.14
Book balance	2,843,482,123.80	3,274,069,607.63
Less: Provision for bad debts	91,417,103.65	267,447,567.09
Carrying amount	2,752,065,020.15	3,006,622,040.54

2) Provision for bad debts

a. Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	56,712,716.03	1.99	37,305,794.79	65.78	19,406,921.24
Receivables with provision made on a collective basis	2,786,769,407.77	98.01	54,111,308.86	1.94	2,732,658,098.91
Subtotal	2,843,482,123.80	100.00	91,417,103.65	3.21	2,752,065,020.15

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	78,702,326.10	2.40	39,498,846.40	50.19	39,203,479.70
Receivables with provision made on a collective basis	3,195,367,281.53	97.60	227,948,720.69	7.13	2,967,418,560.84
Subtotal	3,274,069,607.63	100.00	267,447,567.09	8.17	3,006,622,040.54

b. Significant other receivables with provision for bad debts made on an individual basis

Debtors	Opening balance		Closing balance			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Provision proportion (%)	Basis for provision made
Beijing Shanshan Kaili New Energy Technology Co., Ltd.	7,100,000.00	7,100,000.00	7,100,000.00	7,100,000.00	100.00	It is expected that the possibility of recovery is small
Ningbo Liankangcai Brand Management Co., Ltd.	42,000,000.00	21,000,000.00	38,000,000.00	19,000,000.00	50.00	It is the final payment of equity transfer receivable, which is overdue and of high recovery risk
Ningbo Shanshan Suyu Clothing Co., Ltd.	10,162,742.46	10,162,742.46	10,162,742.46	10,162,742.46	100.00	It is expected that the possibility of recovery is small
Subtotal	59,262,742.46	38,262,742.46	55,262,742.46	36,262,742.46	65.62	

c. Other receivables with provision made on a collective basis

Portfolios	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with balances due from related parties within the consolidation scope	2,573,244,172.46	53,040,478.35	2.06
Portfolio grouped with government and state-owned funds	191,900,010.43		
Portfolio grouped with security deposits	160,887.34	8,044.37	5.00
Portfolio grouped with individual social insurance premium withheld in advance payment	209,314.62		
Portfolio grouped with advance payment other than individual social insurance premium withheld	357,023.15	17,886.15	5.00
Portfolio grouped with receivables for assignment of claims	20,897,999.77	1,044,899.99	5.00
Subtotal	2,786,769,407.77	54,111,308.86	1.94

4) Changes in provision for bad debts

Items	Stage 1	Stage 2	Stage 3	Subtotal
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	59,402,212.56	190,146,480.98	17,898,873.55	267,447,567.09
Opening balance in the current period	—	—	—	
--Transferred to stage 2				
--Transferred to stage 3				
--Reversed to stage 2				
--Reversed to stage 1				
Provision made in the current period	1,555,096.30			1,555,096.30
Provision recovered or reversed in the current period		2,193,051.61		2,193,051.61
Provision written off in the current period				
Other changes	-6,846,000.00	-168,546,508.13		-175,392,508.13
Closing balance	54,111,308.86	19,406,921.24	17,898,873.55	91,417,103.65
Provision proportion (%)	1.94	50.00	100.00	3.21

Remarks on significant changes in book balance of other receivables with changes in provision for bad debts

Other changes refer to decrease of 175,392,508.13 yuan in provisions for bad debts on creditors' right disposed in the current period.

6) Details of the top 5 debtors with largest balances

Debtors	Nature of receivables	Closing book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts at the balance sheet date
Shanghai Shanshan New Materials Co., Ltd.	Intercompany balances within the group	1,301,298,957.12	Within 1 year	45.76	
Ningbo Shanshan New Energy Technology Development Co., Ltd.	Intercompany balances within the group	652,137,592.74	Within 1 year, 1-2 years	22.93	
Ningbo Yongquan Investment Co., Ltd.	Intercompany balances within the group	210,063,759.64	Within 1 year	7.39	
Ningbo Haishu Industry & City Ecological Construction Co., Ltd.	Asset transfer payment and security deposits	190,112,000.00	Within 1 year	6.69	
Shanjin Optoelectronics (Guangzhou) Co., Ltd.	Intercompany balances within the group	100,000,000.00	Within 1 year	3.52	
Subtotal		2,453,612,309.50		86.29	

3. Long-term equity investments

(1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	12,220,970,523.87		12,220,970,523.87	12,383,462,417.26		12,383,462,417.26
Investments in associates and joint ventures	2,466,142,077.15	137,050,000.00	2,329,092,077.15	2,704,426,035.24	137,050,000.00	2,567,376,035.24
Total	14,687,112,601.02	137,050,000.00	14,550,062,601.02	15,087,888,452.50	137,050,000.00	14,950,838,452.50

(2) Investments in subsidiaries

Investees	Opening balance		Increase/Decrease				Closing balance	
	Carrying amount	Provision for impairment	Investments increased	Investments decreased	Provision for impairment	Others	Carrying amount	Provision for impairment
Ningbo Shanshan Tongda Trading Co., Ltd.	32,000,000.00						32,000,000.00	
Ningbo Shanshan Electric Vehicle Technology Development Co., Ltd.	986,918,700.00						986,918,700.00	
Shanghai Tunheng Trading Co., Ltd.	47,500,000.00						47,500,000.00	
Shanghai Shanshan Garment Co., Ltd.	72,000,000.00						72,000,000.00	
Ningbo Shanshan New Energy Technology Development Co., Ltd.	2,142,560,888.36					-15,308,042.86	2,127,252,845.50	
Ningbo Shanshan Venture Capital Co., Ltd.	1,000,000,000.00						1,000,000,000.00	
HongKong Shanshan Resources Co., Ltd.	314,542,830.00						314,542,830.00	
Ningbo Ulica Solar Co., Ltd.	148,830,340.44			148,830,340.44				
Ningbo Yunling Intelligent Innovation Park Operation Management Co., Ltd.	10,000,000.00						10,000,000.00	
Shanshan Fashion Industrial Park Suqian Co., Ltd.	59,941,524.23						59,941,524.23	
Shanjin Optoelectronics (Suzhou) Co., Ltd.	7,356,702,164.52					-8,353,510.09	7,348,348,654.43	
Shanghai Shanshan New Energy Technology Co., Ltd.	102,627,969.71		10,000,000.00				112,627,969.71	
Ningbo Haoheng Trading Co., Ltd.	50,000,000.00						50,000,000.00	
Ningbo Guiheng Trading Co., Ltd.	50,000,000.00						50,000,000.00	
Shanjin Tokyo Co., Ltd.	9,838,000.00						9,838,000.00	
Subtotal	12,383,462,417.26		10,000,000.00	148,830,340.44		-23,661,552.95	12,220,970,523.87	

(3) Investments in associates and joint ventures

Investees	Opening balance		Increase/Decrease			
	Carrying amount	Provision for impairment	Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Associates						
Ningbo Shanqi Property Service Co., Ltd.	38,686,044.96				-720,466.14	
Zhejiang Chouzhou Commercial Bank Co., Ltd.	1,616,722,599.68	137,050,000.00			88,595,157.86	7,712,933.26
Shanshan Brand Management Co., Ltd.	49,156,202.20				6,425,313.97	
Shenzhen Yuanshan Private Equity Investment Management Co., Ltd.	4,561,404.34				-740,555.86	
Suiyong Holding Co., Ltd.	858,249,784.06				-341,694,375.47	-3,350,304.38
Subtotal	2,567,376,035.24	137,050,000.00			-248,134,925.64	4,362,628.88
Total	2,567,376,035.24	137,050,000.00			-248,134,925.64	4,362,628.88

(Continued)

Investees	Increase/Decrease				Closing balance	
	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others	Carrying amount	Provision for impairment
Associates						
Ningbo Shanqi Property Service Co., Ltd.					37,965,578.82	
Zhejiang Chouzhou Commercial Bank Co., Ltd.	65,558.35				1,713,096,249.15	137,050,000.00
Shanshan Brand Management Co., Ltd.		2,066,768.00			53,514,748.17	
Shenzhen Yuanshan Private Equity Investment Management Co., Ltd.					3,820,848.48	
Suiyong Holding Co., Ltd.	7,489,548.32				520,694,652.53	
Subtotal	7,555,106.67	2,066,768.00			2,329,092,077.15	137,050,000.00
Total	7,555,106.67	2,066,768.00			2,329,092,077.15	137,050,000.00

(II) Notes to items of the parent company income statement

1. Operating revenue/Operating cost

(1) Details

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Other operations	50,385,211.97	13,880,797.50	71,158,660.68	14,435,341.79
Total	50,385,211.97	13,880,797.50	71,158,660.68	14,435,341.79
Including: Revenue from contracts with customers	10,246,407.54		30,886,397.06	

(2) Breakdown of revenue

1) Breakdown of revenue from contracts with customers by goods or services

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Property fees	3,528,778.38		4,058,513.61	
Others [Note]	6,717,629.16		26,827,883.45	
Subtotal	10,246,407.54		30,886,397.06	

Note: It refers to received interests, guarantee fees, and financing service income.

2) Breakdown of revenue from contracts with customers by operating regions

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Chinese Mainland	10,246,407.54		30,886,397.06	
Subtotal	10,246,407.54		30,886,397.06	

3) Breakdown of revenue from contracts with customers by time of transferring goods or rendering services

Items	Current period cumulative	Preceding period comparative
Recognized at a point in time	10,246,407.54	30,886,397.06
Subtotal	10,246,407.54	30,886,397.06

2. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	-248,134,925.64	80,162,695.38
Investment income from long-term equity investments under cost method		223,297,001.64
Investment income from disposal of long-term equity investments	-283,295,430.09	-34,951,976.16
Dividend income from other equity instrument investments		600,000.00
Total	-531,430,355.73	269,107,720.86

XVII. Other supplementary information

(I) Non-recurring profit or loss

Items	Amount	Remarks
Gains on disposal of non-current assets, including write-off of provision for impairment	316,840,173.22	
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, enjoyed based on certain standards, and continuously affecting gains or losses of the Company)	149,274,614.29	
Gains on changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and gains from disposal of financial assets and financial liabilities, excluding those arising from hedging business related to operating activities	4,062,734.07	
Fund possession charge from non-financial entities and included in profit or loss	3,675,997.31	
Gains on assets consigned to the third party for investment or management		
Gains on designated loans		
Losses on assets incurred due to force majeure such as natural disasters		
Reversed provision for impairment of receivables based on impairment testing on an individual basis	13,610,635.00	
Gains on acquisition of subsidiaries, joint ventures and associates due to the surplus of acquisition-date fair value of net identifiable assets in acquiree over the acquisition cost		
Net profit on subsidiaries acquired through business combination under common control from the beginning of the period to the combination date		
Other non-operating revenue or expenditures	-29,208,772.72	
Other profit or loss satisfying the definition of non-recurring profit or loss		
Subtotal	458,255,381.17	
Less: Enterprise income tax affected	45,550,658.41	
Non-controlling interest affected (after tax)	11,443,667.54	
Net non-recurring profit or loss attributable to shareholders of the parent company	401,261,055.22	

(II) ROE and EPS

1. Details

Profit of the reporting period	Weighted average ROE (%)	EPS (yuan/share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	-1.66	-0.17	-0.17
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	-3.47	-0.35	-0.35

2. Calculation process of weighted average ROE

Items	Symbols	Current period cumulative	
Net profit attributable to shareholders of ordinary shares	A	-367,136,028.73	
Non-recurring profit or loss	B	401,261,055.22	
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	-768,397,083.95	
Opening balance of net assets attributable to shareholders of ordinary shares	D	22,669,169,067.26	
Net assets attributable to shareholders of ordinary shares increased due to offering of new shares or conversion of debts into shares	E	18,925,225.17	
Number of months counting from the next month when the net assets were increased to the end of the reporting period	F	3	
Net assets attributable to shareholders of ordinary shares decreased due to share repurchase	G1	554,293,989.97	
Number of months counting from the next month when the net assets were decreased to the end of the reporting period	H1	6	
Net assets attributable to shareholders of ordinary shares decreased due to cash dividends appropriation	G2	437,401,038.60	
Number of months counting from the next month when the net assets were decreased to the end of the reporting period	H2	6	
Others	Net assets attributable to shareholders of ordinary shares increased due to translation reserve	I1	-36,699,405.81
	Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J1	6
	Current changes in fair value of other equity instrument investments, changes in other comprehensive income under equity method, etc.	I2	-118,743,057.83
	Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J2	6
	Other comprehensive income not to be reclassified subsequently to profit or loss directly carried forward into retained earnings due to disposal of other equity instrument investments	I3	425,443,104.96
	Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J3	6
	Changes in capital reserve of associates under equity method	I4	7,555,106.67
	Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J4	6
	Share-based payment	I5	-23,661,552.95
	Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J5	6

Items	Symbols	Current period cumulative
Changes in special reserve	I6	-1,713,357.67
Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J6	6
Number of months in the reporting period	K	12
Weighted average net assets	$L=D+A/2+E \times F/K-G \times H/K \pm I \times J/K$	22,120,575,263.59
Weighted average ROE	$M=A/L$	-1.66%
Weighted average ROE after deducting non-recurring profit or loss	$N=C/L$	-3.47%

3. Calculation process of basic EPS

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	-367,136,028.73
Non-recurring profit or loss	B	401,261,055.22
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	$C=A-B$	-768,397,083.95
Opening balance of total shares	D	2,197,903,567.00
Number of shares increased due to conversion of reserve to share capital or share dividend appropriation	E	
Number of shares increased due to offering of new shares or conversion of debts into shares	F	
Number of months counting from the next month when the shares were increased to the end of the reporting period	G	
Number of shares decreased due to share repurchase	H1	23,482,339.00
Number of months counting from the next month when the shares were decreased to the end of the reporting period	I1	8.00
Number of shares decreased due to share repurchase	H2	30,001,464.00
Number of months counting from the next month when the shares were decreased to the end of the reporting period	I2	4.00
Number of shares decreased in the reporting period	J	
Number of months in the reporting period	K	12
Weighted average of outstanding ordinary shares	$L=D+E+F \times G / K-H \times I / K-J$	2,172,248,186.33
Basic EPS	$M=A/L$	-0.17
Basic EPS after deducting non-recurring profit or loss	$N=C/L$	-0.35

(2) Calculation process of diluted EPS

Calculation process of diluted EPS is the same as that of basic EPS.

Ningbo Shanshan Co., Ltd.

April 24, 2025