Shenzhen Senior Technology Material Co., Ltd.
深圳市星源材質科技股份有限公司

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

(Stock Code: 6067)

DISCLOSEABLE TRANSACTION
ACQUISITION OF 59.9806% EQUITY INTERESTS
IN THE TARGET COMPANY

THE PROPOSED EQUITY TRANSFER

The Board is pleased to announce that on 13 August 2026, the Company entered into the Equity Transfer Agreements with each of the Transferors, pursuant to which the Company has conditionally agreed to acquire, and each Transferor has conditionally agreed to sell its respective equity interests in the Target Company, which amounted to an aggregate of 59.9806% equity interests in the Target Company, at a total consideration of RMB241,828,875.16. As at the date of this announcement, the Company held approximately 13.50% equity interests in the Target Company, and upon completion of the Proposed Equity Transfer, the Company will hold approximately 73.4806% equity interests in the Target Company, and the Target Company will become a non-wholly owned subsidiary of the Company. The financial results of the Target Group will be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Proposed Equity Transfer exceed 5% but less than 25%, the Proposed Equity Transfer constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, each of the Transferors is an Independent Third Party, and therefore the Proposed Equity Transfer does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to the relevant provisions of the Rules Governing Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange and the Guide on Self-supervision of Companies Listed on the Shenzhen Stock Exchange No.2 – Standard Operation of Companies Listed on ChiNext Market, the Proposed Equity Transfer is required to be submitted to the shareholders' meeting for consideration and approval.

The completion of the Proposed Equity Transfer is subject to the satisfaction (or, if applicable, waiver) of certain conditions and as such, the Proposed Equity Transfer may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 13 August 2026, the Company entered into the Equity Transfer Agreements with each of the Transferors, pursuant to which the Company has conditionally agreed to acquire, and each Transferor has conditionally agreed to sell its respective equity interests in the Target Company, which amounted to an aggregate of 59.9806% equity interests in the Target Company, at a total consideration of RMB241,828,875.16. As at the date of this announcement, the Company held approximately 13.50% equity interests in the Target Company, and upon completion of the Proposed Equity Transfer, the Company will hold approximately 73.4806% equity interests in the Target Company, and the Target Company will become a non-wholly owned subsidiary of the Company. The financial results of the Target Group will be consolidated into the consolidated financial statements of the Group.

I. PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENTS

The principal terms of each of the Equity Transfer Agreements are summarized as follows:

1. Date

13 August 2026 (the "**Signing Date**")

2. Parties

(i) the Company as the transferee (the "**Transferee**");

(ii) Fortune New Materials Phase II;

(iii) Future City Junluo;

(iv) Coral Xingci;

(v) Gongqingcheng Zhonghang Kaisheng No. 2;

(vi) Fortune New Materials Phase III;

(vii) Wotao Electronic;

(viii) Dongfang Jintai;

(the abovementioned parties (ii) to (viii), each a "**Transferor**", collectively the "**Transferors**")

(ix) the Target Company.

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, as at the date of this announcement, each of the Transferors and their respective ultimate beneficial owners (if any) is an Independent Third Party.

3. **Subject Matter**

Pursuant to the Equity Transfer Agreements, the Company has conditionally agreed to acquire, and each Transferor has conditionally agreed to sell its respective equity interests in the Target Company, which amounted to an aggregate of 59.9806% equity interests in the Target Company.

4. **Consideration and Basis of Consideration**

The total consideration for the Proposed Equity Transfer is RMB241,828,875.16. The consideration for the Proposed Equity Transfer shall be settled by the Company in cash and will be funded by the internal resources of the Group.

Details of the equity interests in the Target Company to be transferred by each Transferor to the Transferee and the respective consideration are set out below:

Name of Transferor	**Registered Capital Corresponding to the Equity Interests to be acquired by the Transferee** *(RMB'0000)*	**Shareholding Percentage** *(%)*	**Consideration** *(RMB)*
Fortune New Materials Phase II	138.0451	15.3284	53,649,345.40
Future City Junluo	43.9034	4.8750	28,087,671.23
Coral Xingci	17.4603	1.9388	9,693,867.81
Gongqingcheng Zhonghang Kaisheng No. 2	27.5252	3.0564	11,000,000.00
Fortune New Materials Phase III	52.3810	5.8163	34,897,990.72
Wotao Electronic	225.1462	25.0000	87,500,000.00
Dongfang Jintai	35.7143	3.9657	17,000,000.00
Total	**540.1755**	**59.9806**	**241,828,875.16**

The consideration for the Proposed Equity Transfer was determined after arm's length negotiations between the Transferee and the Transferors on normal commercial terms with reference to, among others: (i) the appraised value of the total shareholders' equity of the Target Company assessed by an independent valuer of the Company, Shanghai Orient Appraisal Co., Ltd., as at 31 March 2026 ("**Valuation Date**"), being RMB629 million; (ii) the historical operating performance, future business growth prospects and industry valuation level of the Target Company; (iii) the technology and business capabilities and customer resources of the Target Company, and synergy between the Target Company and the Group, as well as (iv) the reasons for and benefits of the Proposed Equity Transfer as stated under the section headed "Reasons For and Benefits of the Proposed Equity Transfer" in this announcement. Please refer to Appendix I to this announcement for a summary of the Valuation Report including, among others, the valuation method, the key assumptions and key inputs.

Payment Arrangements to Future City Junluo

Upon all of the conditions precedent to the payment set out in the Equity Transfer Agreement having been satisfied or waived by the Transferee, the Transferee shall pay the consideration to the bank account designated by Future City Junluo.

Payment Arrangements to Coral Xingci

The consideration payable by the Company to Coral Xingci shall be paid in a one-off payment, and the detailed payment arrangements are as follows:

(1) upon all of the conditions precedent to the payment set out in the Equity Transfer Agreement having been satisfied or waived by the Transferee, the Transferor shall promptly notify the Transferee in writing to pay the consideration and provide evidence demonstrating that such conditions precedent have been satisfied;

(2) within 5 business days after receipt of the payment notice issued by the Transferor, the Transferee shall confirm whether all conditions precedent to the payment have been satisfied or waived. If the Transferee fails to provide any feedback within the aforesaid period, the Transferee shall be deemed to have acknowledged that all such conditions precedent have been satisfied or waived;

(3) within 15 business days from the date on which the Transferee confirms that the conditions precedent to the payment have been satisfied or waived, the Transferee shall pay the consideration in a one-off payment to the bank account designated by the Transferor.

Payment Arrangements to Gongqingcheng Zhonghang Kaisheng No. 2

The detailed arrangements for the consideration payable by the Company to Gongqingcheng Zhonghang Kaisheng No. 2 are as follows:

(1) upon all of the conditions precedent to the payment set out in the Equity Transfer Agreement having been satisfied or waived by the Transferee, the Transferor shall promptly notify the Transferee in writing and provide evidence demonstrating that such conditions precedent have been satisfied; for the avoidance of doubt, in respect of the conditions precedent to the payment set out in items (4) and (5) under the Equity Transfer Agreement, the Transferor shall confirm in such written notice that, to the extent of its knowledge and awareness, such conditions precedent to the payment have been satisfied, but shall not be required to provide any other supporting documents separately;

(2) within 3 business days after receipt of the payment notice issued by the Transferor, the Transferee shall confirm whether all conditions precedent to the payment have been satisfied or waived. If the Transferee fails to provide any feedback within the aforesaid period, the Transferee shall be deemed to have acknowledged that all such conditions precedent have been satisfied or waived;

(3) within 15 business days from the date on which the Transferee confirms that the conditions precedent to the payment have been satisfied or waived, the Transferee shall pay the consideration to the bank account designated by the Transferor.

6. Conditions Precedent For Payment

Conditions Precedent for Payment to Fortune New Materials Phase II, Fortune New Materials Phase III, Wotao Electronic and Dongfang Jintai

The conditions precedent to the first instalment payment include:

(1) the shareholders' meeting and/or board of directors of the Target Company having passed resolutions approving: (i) the current round of transaction, including the Proposed Equity Transfer; (ii) the waiver by the other shareholders of their rights of first refusal in respect of the equity interests involved in the current round of

(7) since the Signing Date, any representation, warranty and undertaking made by the Transferor to the Transferee under the Equity Transfer Agreement or other document remaining true, accurate, complete and not misleading in all material respects.

The conditions precedent to the second instalment payment include:

(1) the conditions precedent to the first instalment payment continuing to be satisfied or having been waived by the Transferee;

(2) the director(s) jointly appointed by Fortune New Materials Phase II and Fortune New Materials Phase III to the Target Company (the "**Oriental Fortune Director**") having submitted written resignation letter(s) to the Target Company and resigned from the office of director;

(3) the resignation of the Oriental Fortune Director and the registration and filing procedures for the Proposed Equity Transfer having been completed with the competent market supervision administration authority of the Target Company;

(4) all matters required for completion as set out in the Equity Transfer Agreement having been completed and the completion date having occurred.

For the avoidance of doubt, item (2) and item (3) of the conditions precedent to the second instalment payment do not apply to the Equity Transfer Agreements with the aforesaid four Transferors. Among them, the conditions regarding the resignation of the Oriental Fortune Director and the completion of the registration and filing procedures for such resignation only apply to the Equity Transfer Agreements with Fortune New Materials Phase II and Fortune New Materials Phase III; the conditions regarding the registration and filing procedures for the Proposed Equity Transfer only apply to the Equity Transfer Agreements with Fortune New Materials Phase II, Fortune New Materials Phase III and Wotao Electronic.

The parties to each Equity Transfer Agreement shall cooperate with each other and actively perform their respective obligations to procure that the conditions precedent to the first instalment payment and the conditions precedent to the second instalment payment under such Equity Transfer Agreement are satisfied within 30 days and 60 days after the Signing Date, respectively.

If any First Instalment Payment Condition Precedent under the relevant Equity Transfer Agreement is waived by the Transferee, such waived condition shall automatically become part of the conditions precedent to the second instalment payment under the Equity Transfer Agreement.

Conditions Precedent for Payment to Future City Junluo

The conditions precedent for payment to Future City Junluo include:

(1) the Target Company having passed a shareholders' meeting resolution approving

(7) since the Signing Date, there being no effective judgment, award, ruling or injunction of any PRC law, court, arbitral tribunal or relevant governmental authority which restrains, prohibits or invalidates the Proposed Equity Transfer, and, to the knowledge of the Transferor, there being no pending or threatened litigation, arbitration, judgment, award, ruling or injunction that may result in a material adverse effect;

(8) the Transferee having completed legal, business, financial and other due diligence investigations in respect of the Target Company and having been satisfied that no material adverse effect exists, or, with respect to issues identified during such due diligence investigations, the parties and the relevant persons having reached a consensus;

(9) since the Signing Date, any representation, warranty and undertaking made by the Transferor to the Transferee under the Equity Transfer Agreement or other document remaining true, accurate, complete and not misleading in all material respects.

Conditions Precedent for Payment to Gongqingcheng Zhonghang Kaisheng No. 2

The conditions precedent for payment to Gongqingcheng Zhonghang Kaisheng No. 2 include:

(1) the Target Company having approved the Proposed Equity Transfer by way of a shareholders' meeting resolution, and the shareholders of the Target Company having waived their rights of first refusal regarding target equity interests;

(2) all approvals, consents and filings required under applicable laws and regulations in connection with the Proposed Equity Transfer having been obtained and remaining effective, other than the industrial and commercial changes registration/filings in relation to the Proposed Equity Transfer;

(3) each party having executed and delivered the Equity Transfer Agreement and other relevant transaction documents, and the Transferee and the remaining shareholders of the Target Company following completion of the Proposed Equity Transfer having signed the new articles of association of the Target Company;

(4) since the Signing Date, there having been no change constituting a material adverse effect in the Target Company or any entity directly or indirectly controlled by it, and no change in the equity or ownership structure of the Target Company or any of its subsidiaries having occurred. For the purpose hereof, "material adverse effect" means any event, circumstance, change or effect that, individually or in the aggregate, has resulted in or is reasonably expected to result in: (i) a reduction of more than RMB2 million in the net asset value of the Target Company; (ii) a decrease of more than 20% in the principal operating revenue of the Target Company; (iii) the departure of the general manager or chief technology officer of the Target Company; (iv) the loss by the Target Company of any key governmental permit or qualification required for carrying out its principal business; or (v) the commencement against the Target Company of any material litigation or arbitration involving an amount exceeding RMB5 million;

(5) since the Signing Date, there being no effective judgment, award, ruling or injunction of any PRC law, court, arbitral tribunal or relevant governmental authority which restrains, prohibits or invalidates the Proposed Equity Transfer, and, to the knowledge of the Transferor, there being no pending or threatened litigation, arbitration, judgment, award, ruling or injunction that may result in a material adverse effect;

(6) since the Signing Date, any representation, warranty and undertaking made by the Transferor to the Transferee under the Equity Transfer Agreement or other document remaining true, accurate, complete and not misleading in all material respects.

7. Effectiveness

Each Equity Transfer Agreement shall become effective upon it being affixed with seals by the parties thereto, executed by their respective legal representatives or authorized representatives, and approved by the shareholders' meeting of the Company.

8. Completion

Completion with Fortune New Materials Phase II, Fortune New Materials Phase III and Wotao Electronic

Within 30 days from the date on which the Transferee pays the first instalment of the consideration, the Target Company shall complete the following matters and other parties shall provide the necessary cooperation:

(1) complete the registration procedures for the change in equity interests with the registration authority of the Target Company;

(2) the Oriental Fortune Director has submitted an irrevocable written resignation letter to the Target Company resigning from his position as a director, and such resignation has taken effect; at the same time, the person appointed by the Transferee has assumed office as director of the Target Company, and the Target Company has completed the filing of the new director with the competent registration authority;

(3) complete the filing of the articles of association signed by the Transferee as a shareholder of the Target Company with the competent registration authority; and

(4) the shareholders’ agreement signed by the Transferee, the founder of the Target Company and the other shareholders of the Target Company following the completion of the Proposed Equity Transfer has become effective and has been delivered to the Transferee.

The date on which all of the foregoing matters have been completed shall be the “completion date”.

For the avoidance of doubt, among the aforesaid completion matters, the matter relating to the resignation of the Oriental Fortune Director and the effectiveness of such resignation applies only to the Equity Transfer Agreements relating to Fortune New Materials Phase II and Fortune New Materials Phase III.

After the Transferee has paid the first instalment consideration, (i) the Transferor shall cease to enjoy any shareholder rights corresponding to the target equity interests, including but not limited to, all rights enjoyed by the Transferor pursuant to the relevant capital increase agreement (as only set out in the Equity Transfer Agreements for Fortune New Materials Phase II and Fortune New Materials Phase III), the original shareholders’ agreement of the Target Company and the articles of association of the Target Company, and shall no longer assume any corresponding obligations thereunder; and (ii) all shareholder rights and interests corresponding to the target equity interests (including but not limited to pre-emptive rights, rights of first refusal, co-sale rights, anti-dilution rights, repurchase rights, drag-along rights, veto rights at shareholders’ [illegible]

The date on which all of the foregoing matters have been completed shall be the "completion date".

In addition, the parties agree that, after the Transferee pays the first instalment of the consideration, the industrial and commercial change registration/filing formalities in respect of the Target Equity shall not be processed for the time being; upon the Transferor's receipt of a separate notice from the Transferee, the parties shall, within 10 business days, complete the equity change registration procedures with the registration authority of the Target Company, and the filing with the registration authority of the articles of association signed by the Transferee as a shareholder of the Target Company.

After the Transferee has fully paid the first instalment of the consideration, (i) the Transferor shall no longer enjoy any shareholders' rights corresponding to the Target Equity, including but not limited to all rights enjoyed by the Transferor under the capital increase agreement entered into upon its acquisition of the target equity interests, the original shareholders' agreement and the articles of association of the Target Company, and shall no longer bear any corresponding obligations thereunder; and (ii) all shareholders' rights and interests corresponding to the target equity interests (including but not limited to pre-emptive rights, rights of first refusal, co-sale rights, antidilution rights, repurchase rights, drag-along rights, veto rights at shareholders' meetings and/or board meetings, and the corresponding interests and benefits within all owner's equity, such as the capital reserve, surplus reserve and undistributed profits (if any) prior to the completion date) shall be enjoyed by the Transferee, and the Transferee shall assume corresponding obligations.

Completion with Future City Junluo

The parties agree that, upon the Transferee's payment of the consideration, the industrial and commercial changes registration/filing procedures in respect of the target equity interests shall not be processed for the time being; and upon the Transferor's receipt of a separate notice from the Transferee, the parties shall complete the following matters within 10 business days:

(1) complete the registration procedures for the equity change with the registration authority of the Target Company;

(2) the personnel appointed by the Transferee shall assume office as directors of the Target Company, and the Target Company shall complete the filing of the new directors with the competent registration authority;

(3) the articles of association signed by the Transferee as a shareholder of the Target Company shall be filed with the registration authority.

The date on which all of the foregoing matters have been completed shall be the "completion date".

Upon the Transferee's payment of the consideration, (i) the Transferor shall cease to enjoy any shareholder rights corresponding to the target equity interests, including but not limited to all rights enjoyed by the Transferor pursuant to the equity transfer agreement entered into upon its acquisition of the target equity interests, the original shareholders' agreement of the Target Company and the articles of association of the Target Company, and shall no longer assume any corresponding obligations thereunder; and (ii) all shareholder rights attached to the target equity interests (including but not limited to pre-emptive rights, rights of first refusal, co-sale rights, anti-dilution rights, repurchase rights, drag-along rights) shall be enjoyed by the Transferee, and the Transferee shall assume the corresponding obligations.

Completion with Coral Xingci

The parties agree that, upon the Transferee's payment of the consideration, the industrial and commercial changes registration/filing procedures in respect of the target equity interests shall not be processed for the time being; and upon the Transferor's receipt of a separate notice from the Transferee, the parties shall complete the following matters within 10 business days:

(1) complete the registration procedures for the equity change with the registration authority of the Target Company;

(2) the articles of association signed by the Transferee as a shareholder of the Target Company shall be filed with the registration authority.

The date on which all of the foregoing matters have been completed shall be the "completion date".

Upon the Transferee's payment of the consideration, (i) the Transferor shall cease to enjoy any shareholder rights corresponding to the target equity interests, including but not limited to all rights enjoyed by the Transferor under the capital increase agreement entered into upon its acquisition of the target equity interests, the original shareholders' agreement of the Target Company and the articles of association of the Target Company, and shall no longer assume any corresponding obligations thereunder; and (ii) all shareholder rights attached to the target equity interests (including but not limited to pre-emptive rights, rights of first refusal, co-sale rights, anti-dilution rights, repurchase rights, drag-along rights) shall be enjoyed by the Transferee, and the Transferee shall assume the corresponding obligations.

Completion with Gongqingcheng Zhonghang Kaisheng No. 2

Within 10 business days from the Transferee's payment of the consideration, the parties shall cooperate with each other to complete the following completion matters:

(1) the personnel appointed by the Transferee shall assume office as directors of the Target Company, and the filing of the new directors shall be completed with the registration authority of the Target Company;

(2) the shareholders' agreement signed by the Transferee, the founder of the Target Company and the other shareholders of the Target Company following the Proposed Equity Transfer shall have become effective and be delivered to the Transferee. Based on the new shareholders' agreement of the Target Company and the articles of association of the Target Company, the Transferee shall be entitled to all shareholder rights attached to the target equity interests that were originally enjoyed by the Transferor under the capital increase agreement entered into upon its acquisition of the target equity interests, the original shareholders' agreement and the articles of association of the Target Company, including but not limited to pre-emptive rights, rights of first refusal, co-sale rights, anti-dilution rights, repurchase rights, drag-along rights.

The date on which all of the foregoing matters have been completed shall be the "completion date".

In addition, the parties agree that, upon the Transferee's payment of the consideration, the industrial and commercial changes registration/filing procedures in respect of the target equity interests shall not be processed for the time being; and upon the Transferor's receipt of a separate notice from the Transferee, the parties shall, within 10 business days, complete the registration procedures for the equity change with the registration authority of the Target Company, and complete the filing of the articles of association signed by the Transferee as a shareholder of the Target Company with the registration authority.

Upon the Transferee's payment of the consideration, (i) the Transferor shall cease to enjoy any shareholder rights attached to the target equity interests, including but not limited to all rights enjoyed by the Transferor under the capital increase agreement entered into upon its acquisition of the target equity interests, the original shareholders' agreement of the Target Company and the articles of association of the Target Company, and shall no longer assume any corresponding obligations thereunder; and (ii) all shareholder rights attached to the target equity interests (including but not limited to pre-emptive rights, rights of first refusal, co-sale rights, anti-dilution rights, repurchase rights, drag-along rights) shall be enjoyed by the Transferee, and the Transferee shall assume the corresponding obligations.

9. Rescission

Rescission of the Equity Transfer Agreements entered into with Fortune New Materials Phase II, Fortune New Materials Phase III, Wotao Electronic and Dongfang Jintai

Save as otherwise provided by law, each Equity Transfer Agreement may be rescinded in any of the following circumstances:

(1) by mutual agreement between the relevant Transferor and the Transferee;

(2) if any stock exchange, the China Securities Regulatory Commission (the "**CSRC**") or its local branches, or any other competent regulatory authority raises any objection to, inquiry regarding, or rectification requirement in connection with the Proposed Equity Transfer, and the parties fail to obtain the approval or acceptance of the relevant authority within 30 days after the occurrence of such event despite their reasonable efforts, the Transferee shall be entitled to rescind the Equity Transfer Agreement by written notice to the Transferor, and such rescission shall not constitute a breach by any party;

(3) if, for reasons not attributable to the Transferee, any of the conditions precedent to the first instalment payment has not been satisfied within 30 days after the Signing Date, or the completion of the Proposed Equity Transfer has not occurred within the agreed timeframe, or any of the conditions precedent to the second instalment payment has not been satisfied within 60 days after the Signing Date, and the Transferee and the Transferor are unable to reach agreement on a waiver of such conditions or an extension of performance, the Transferee shall have the right to unilaterally rescind the Equity Transfer Agreement by written notice to the Transferor without liability;

(4) if, due to reasons attributable to the Transferee, any of the conditions precedent to the first instalment payment has not been satisfied within 30 days after the Signing Date, or the completion of the Proposed Equity Transfer has not occurred within the agreed timeframe, or any of the conditions precedent to the second instalment payment has not been satisfied within 60 days after the Signing Date, and the Transferee and the

(4) if, due to reasons attributable to the Transferee, the conditions precedent to payment have not been satisfied within 10 days after the Signing Date, or the completion of the transaction has not occurred within the agreed timeframe, and the Transferee and the Transferor are unable to reach agreement on a waiver of such conditions or an extension of performance, the Transferor shall have the right to unilaterally rescind the Agreement by written notice to the Transferee without liability;

(5) if the Transferee fails, without justification, to pay the consideration when due and such delay exceeds 20 business days, the Transferor shall have the right to unilaterally rescind the Equity Transfer Agreement by written notice to the Transferee without liability;

(6) if any party breaches any representation, warranty or undertaking under the Equity Transfer Agreement and fails to remedy such breach within a reasonable period (which shall not exceed 15 business days) after being requested by the other party to do so, the non-defaulting party shall have the right to unilaterally rescind the Equity Transfer Agreement by written notice to the defaulting party without liability;

(7) during the transitional period, if the Target Company or its subsidiaries experiences any change that constitutes a material adverse effect, the Transferee shall have the right to unilaterally rescind the Equity Transfer Agreement by written notice to the Transferor without liability.

Rescission of the Equity Transfer Agreement Signed with Coral Xingci

Save as otherwise provided by law, the Equity Transfer Agreement may be rescinded in any of the following circumstances:

(1) upon mutual agreement between the Transferor and the Transferee, the Equity Transfer Agreement shall be rescinded;

(2) if any stock exchange, the CSRC or its local branches, or any other competent regulatory authority raises any objection to, inquiry regarding, or rectification requirement in connection with the transaction, and the parties fail to obtain the acceptance of the relevant competent authority within 30 days after the occurrence of such event despite their efforts, the Transferee shall be entitled to rescind the Equity Transfer Agreement by written notice to the Transferor, and such rescission shall not constitute a breach by any party;

(3) if, due to reasons attributable to the Transferor, the conditions precedent to payment have not been satisfied within 30 days after the Signing Date, or the completion of the Proposed Equity Transfer has not occurred within the agreed timeframe, and the Transferee and the Transferor are unable to reach agreement on a waiver of such conditions or an extension of performance, the Transferee shall have the right to unilaterally rescind the Equity Transfer Agreement by written notice to the Transferor without liability;

(4) if, due to reasons attributable to the Transferee, the conditions precedent to payment have not been satisfied within 30 days after the Signing Date, or the completion of the Proposed Equity Transfer has not occurred within the agreed timeframe, and the Transferee and the Transferor are unable to reach agreement on a waiver of such conditions or an extension of performance, the Transferor shall have the right to

unilaterally rescind the Equity Transfer Agreement by written notice to the Transferee without liability;

(5) if the Transferee fails, without justification, to pay the consideration for the Transfer when due and such delay exceeds 20 business days, the Transferor shall have the right to unilaterally rescind the Equity Transfer Agreement by written notice to the Transferee without liability;

(6) if any party breaches any representation, warranty or undertaking under the Equity Transfer Agreement and fails to remedy such breach within a reasonable period (which shall not exceed 15 business days) after being requested by the other party to do so, the non-defaulting party shall have the right to unilaterally rescind the Equity Transfer Agreement by written notice to the defaulting party without liability;

(7) during the transitional period, if the Target Company or its subsidiaries experiences any change that constitutes a material adverse effect, the Transferee shall have the right to unilaterally rescind the Equity Transfer Agreement by written notice to the Transferor without liability.

Rescission of the Equity Transfer Agreement Signed with Gongqingcheng Zhonghang Kaisheng No. 2

Save as otherwise provided by law, the Equity Transfer Agreement may be rescinded in any of the following circumstances:

(1) upon mutual agreement between the Transferor and the Transferee, the Equity Transfer Agreement shall be rescinded;

(2) if any stock exchange, the CSRC or its local branches, or any other competent regulatory authority raises any objection to, inquiry regarding, or rectification requirement in connection with the transaction, and the parties fail to obtain the acceptance of the relevant competent authority within 30 days after the occurrence of such event despite their efforts, the Transferee shall be entitled to rescind the Equity Transfer Agreement by written notice to the Transferor, and such rescission shall not constitute a breach by any party;

(3) if, for reasons not attributable to the Transferee, the conditions precedent to payment have not been satisfied within 30 days after the Signing Date, or the completion of the Proposed Equity Transfer has not occurred within the agreed timeframe, and the Transferee and the Transferor are unable to reach agreement on a waiver of such conditions or an extension of performance, the Transferee shall have the right to unilaterally rescind the Agreement by written notice to the Transferor without liability;

(4) if, due to reasons attributable to the Transferee, the conditions precedent to payment have not been satisfied within 30 days after the Signing Date, or the completion of the transaction has not occurred within the agreed timeframe, and the Transferee and the Transferor are unable to reach agreement on a waiver of such conditions or an extension of performance, the Transferor shall have the right to unilaterally rescind the Equity Transfer Agreement by written notice to the Transferee without liability; if the Transferee fails, without justification, to pay the consideration when due and such delay exceeds 20 business days, the Transferor shall have the right to unilaterally rescind the Equity Transfer Agreement by written notice to the Transferee without liability;

(5) if any party breaches any representation, warranty or undertaking under the Equity Transfer Agreement and fails to remedy such breach within a reasonable period (which shall not exceed 15 business days) after being requested by the other party to do so, the non-defaulting party shall have the right to unilaterally rescind the Equity Transfer Agreement by written notice to the defaulting party without liability;

(6) during the transitional period, if the Target Company or its subsidiaries experiences any change that constitutes a material adverse effect, the Transferee shall have the right to unilaterally rescind the Equity Transfer Agreement by written notice to the Transferor without liability.

(7) Notwithstanding the foregoing, if the completion of the Proposed Equity Transfer is delayed due to reasons attributable to the Transferee or the Target Company, and during such period of delay the Target Company or its subsidiaries experiences any change that constitutes a material adverse effect, the Transferee shall not be entitled to unilaterally rescind the Equity Transfer Agreement; if either party exercises the right of unilateral rescission in accordance with the Equity Transfer Agreement, the Equity Transfer Agreement shall be rescinded from the date on which the written notice issued by such party is served on the other party.

10. Liability for Breach

Liabilities for Breach under the Equity Transfer Agreements entered into with Fortune New Materials Phase II, Fortune New Materials Phase III and Wotao Electronic

Any breach by a party of the Equity Transfer Agreement, any failure to perform its obligations under the Equity Transfer Agreement, any performance of such obligations that is not in accordance with the terms of the Equity Transfer Agreement, or any breach of any representation, warranty or undertaking made under the Equity Transfer Agreement shall constitute a default. The defaulting party shall indemnify the other party(ies) for all losses arising from such default, including but not limited to all direct economic losses suffered by the non-defaulting party, investigation costs, legal fees, litigation/arbitration costs, travel expenses, appraisal fees, and any other reasonable expenses incurred by the non-defaulting party in enforcing its rights.

If, due to reasons attributable to the Transferor, any of the conditions precedent to the first instalment payment remains unsatisfied within 30 days after the Signing Date, and the

If, due to reasons attributable to the Transferee, any of the conditions precedent to the first instalment payment remains unsatisfied within 30 days after the Signing Date, or the completion of the Proposed Equity Transfer fails to take place within the agreed timeframe, or any of the conditions precedent to the second instalment payment remains unsatisfied within 60 days after the Signing Date, and the Transferor rescinds the Equity Transfer Agreement pursuant to item (4) of the rescission provisions, the Transferor shall be entitled to require the Transferee to pay liquidated damages equal to 5% of the consideration.

If the Transferee, without justification, delays payment of any consideration payable under the Equity Transfer Agreement, the Transferee shall pay to the Transferor liquidated damages at the rate of 0.01% of the overdue and unpaid consideration for each day of delay. If the Transferor rescinds the Equity Transfer Agreement pursuant to item (5) of the rescission provisions as a result of such unjustified delay in payment by the Transferee, the Transferee shall further pay to the Transferor a one-off amount of liquidated damages equal to 10% of the overdue and unpaid consideration.

If any party breaches any representation, warranty or undertaking made under the Equity Transfer Agreement, and the non-defaulting party rescinds the Equity Transfer Agreement pursuant to item (6) of the rescission provisions, the non-defaulting party shall be entitled to require the defaulting party to pay liquidated damages equal to 5% of the consideration.

All the above liabilities for breach of contract may be accumulated and claimed concurrently.

Liability for Breach of the Equity Transfer Agreement Entered into with Dongfang Jintai

Any breach by a party of the Equity Transfer Agreement, any failure to perform its obligations under the Equity Transfer Agreement, any performance of such obligations that is not in accordance with the terms of the Equity Transfer Agreement, or any breach of any representation, warranty or undertaking made under the Equity Transfer Agreement shall constitute a default. The defaulting party shall indemnify the other party(ies) for all losses arising from such default, including but not limited to all direct economic losses suffered by the non-defaulting party, investigation costs, legal fees, litigation/arbitration costs, travel expenses, appraisal fees, and any other reasonable expenses incurred by the non-defaulting party in enforcing its rights.

If, due to reasons attributable to the Transferor, any of the conditions precedent to the first instalment payment remains unsatisfied within 30 days after the Signing Date, and the Transferee rescinds the Equity Transfer Agreement pursuant to item (3) of the rescission provisions, the Transferor shall pay to the Transferee a one-off amount of liquidated damages equal to 5% of the consideration.

Following the payment of the first instalment of consideration, if, due to reasons attributable to the Transferor, the Equity Transfer fails to be completed within the agreed timeframe or any of the conditions precedent to the second instalment payment remains unsatisfied within 60 days after the Signing Date, the Transferor shall pay to the Transferee liquidated damages at the rate of 0.01% of the first instalment of consideration for each day of delay. If, in such circumstances, the Transferee rescinds the Equity Transfer Agreement pursuant to item (3) of the rescission provisions, the Transferor shall further pay to the Transferee a one-off amount of liquidated damages equal to 10% of the first instalment of consideration.

If, due to reasons attributable to the Transferee, any of the conditions precedent to the first instalment payment remains unsatisfied within 30 days after the Signing Date, and the Transferor rescinds the Equity Transfer Agreement pursuant to item (4) of the rescission provisions, the Transferee shall pay to the Transferor a one-off amount of liquidated damages equal to 5% of the consideration; or if the Equity Transfer fails to be completed within the agreed timeframe or any of the conditions precedent to the second instalment payment remains unsatisfied within 60 days after the Signing Date, the Transferee shall pay to the Transferor liquidated damages at the rate of 0.01% of the first instalment of consideration for each day of delay. If the Transferor rescinds the Equity Transfer Agreement pursuant to item (4) of the rescission provisions, the Transferee shall further pay to the Transferor a one-off amount of liquidated damages equal to 10% of the first instalment of consideration.

If the Transferee, without justification, delays payment of any consideration payable under the Equity Transfer Agreement, the Transferee shall pay to the Transferor liquidated damages at the rate of 0.01% of the overdue and unpaid consideration for each day of delay. If such delay exceeds 60 days, the Transferor shall be entitled to rescind the Equity Transfer Agreement and require the Transferee to pay liquidated damages equal to 10% of the consideration. If the foregoing liquidated damages are insufficient to compensate the Transferor for the losses suffered as a result thereof, the Transferee shall further bear liability for damages to the Transferor separately.

If any party breaches any representation, warranty or undertaking made under the Equity Transfer Agreement, and the non-defaulting party (being limited to the non-defaulting Transferor and/or Transferee) rescinds the Equity Transfer Agreement pursuant to item (6) of the rescission provisions, the non-defaulting party shall be entitled to require the defaulting party to pay liquidated damages equal to 5% of the consideration.

If, due to reasons attributable to the Transferor, the registration/filing for the industrial and commercial changes as contemplated under the Equity Transfer Agreement fails to be completed within the agreed timeframe, the Transferor shall pay to the Transferee liquidated damages at the rate of 0.01% of the consideration for each day of delay. If such delay exceeds 60 days, the Transferee shall be entitled to require the Transferor to pay liquidated damages equal to 10% of the consideration. If the foregoing liquidated damages are insufficient to compensate the Transferee for the losses suffered as a result thereof, the Transferor shall further bear liability for damages to the Transferee separately.

If, due to reasons attributable to the Transferee, the registration/filing for the industrial and commercial changes as contemplated under the Equity Transfer Agreement fails to be completed within the agreed timeframe, the Transferee shall pay to the Transferor liquidated damages at the rate of 0.01% of the consideration for each day of delay. If such delay exceeds 60 days, the Transferor shall be entitled to require the Transferee to pay liquidated damages equal to 10% of the consideration. If the foregoing liquidated damages are insufficient to compensate the Transferor for the losses suffered as a result thereof, the Transferee shall further bear liability for damages to the Transferor separately.

All the above liabilities for breach of contract may be accumulated and claimed concurrently.

Liability for Breach of the Equity Transfer Agreement Entered into with Future City Junluo

Any breach by a party of the Equity Transfer Agreement, any failure to perform its obligations under the Equity Transfer Agreement, any performance of such obligations that is not in accordance with the terms of the Equity Transfer Agreement, or any breach of any representation, warranty or undertaking made under the Equity Transfer Agreement shall constitute a default. The defaulting party shall indemnify the other party(ies) for all losses arising from such default, including but not limited to all direct economic losses suffered by the non-defaulting party, investigation costs, legal fees, litigation/arbitration costs, travel expenses, appraisal fees, and any other reasonable expenses incurred by the non-defaulting party in enforcing its rights.

If, due to reasons attributable to the Transferor, any of the conditions precedent for payment remains unsatisfied within 10 days after the Signing Date, or the Proposed Equity Transfer fails to be completed within the agreed timeframe, and the Transferee rescinds the Equity Transfer Agreement pursuant to item (3) of the rescission provisions, the Transferor shall pay to the Transferee an amount of liquidated damages equal to 5% of the principal amount of the equity investment. If the transfer consideration has been paid under the foregoing circumstances, the Transferor shall further pay to the Transferee liquidated damages at the rate of 0.01% of the amount of consideration paid for each day of delay.

If, due to reasons attributable to the Target Company, any of the conditions precedent for payment remains unsatisfied within 10 days after the Signing Date, or the Proposed Equity Transfer fails to be completed within the agreed timeframe, and the Transferee rescinds the Equity Transfer Agreement pursuant to item (3) of the rescission provisions, the Target Company shall pay to the Transferor an amount of liquidated damages equal to 5% of the principal amount of the equity investment.

If, due to reasons attributable to the Transferee, any of the conditions precedent for payment remains unsatisfied within 10 days after the Signing Date, or the Proposed Equity Transfer fails to be completed within the agreed timeframe, and the Transferor rescinds the Equity Transfer Agreement pursuant to item (4) of the rescission provisions, the Transferor shall be entitled to require the Transferee to pay liquidated damages equal to 5% of the principal amount of the equity investment.

If the Transferee, without justification, delays payment of any consideration payable under the Equity Transfer Agreement, the Transferee shall pay to the Transferor liquidated damages at the rate of 0.01% of the overdue and unpaid consideration for each day of delay. If the Transferor rescinds the Equity Transfer Agreement pursuant to item (5) of the rescission provisions due to the Transferee's unjustified delay in payment, the Transferee shall pay to the Transferor a one-off amount of liquidated damages equal to 10% of the consideration payable and unpaid.

If any party breaches any representation, warranty or undertaking made under the Equity Transfer Agreement, and the non-defaulting party rescinds the Equity Transfer Agreement pursuant to item (6) of the rescission provisions, the non-defaulting party shall be entitled to require the defaulting party to pay liquidated damages equal to 5% of the principal amount of the equity investment.

All the above liabilities for breach of contract may be accumulated and claimed concurrently.

Liability for Breach of the Equity Transfer Agreement Entered into with Coral Xingci

Any breach by a party of the Equity Transfer Agreement, any failure to perform its obligations under the Equity Transfer Agreement, any performance of such obligations that is not in accordance with the terms of the Equity Transfer Agreement, or any breach of any representation, warranty or undertaking made under the Equity Transfer Agreement shall constitute a default. The defaulting party shall indemnify the other party(ies) for all losses arising from such default, including but not limited to all direct economic losses suffered by the non-defaulting party, investigation costs, legal fees, litigation/arbitration costs, travel expenses, appraisal fees, and any other reasonable expenses incurred by the non-defaulting party in enforcing its rights.

If, due to reasons attributable to the Transferor, any of the conditions precedent for payment remains unsatisfied within 30 days after the Signing Date, and the Transferee rescinds the Equity Transfer Agreement pursuant to item (3) of the rescission provisions, the Transferor shall pay to the Transferee a one-off amount of liquidated damages equal to 5% of the consideration.

If, due to reasons attributable to the Transferee, any of the conditions precedent for payment remains unsatisfied within 30 days after the Signing Date, or the Proposed Equity Transfer fails to be completed within the agreed timeframe, and the Transferor rescinds the Equity Transfer Agreement pursuant to item (4) of the rescission provisions, the Transferor shall be entitled to require the Transferee to pay an amount of liquidated damages equal to 5% of the consideration.

If the Transferee, without justification, delays payment of any consideration payable under the Equity Transfer Agreement, the Transferee shall pay to the Transferor liquidated damages at the rate of 0.01% of the overdue and unpaid consideration for each day of delay. If the Transferor rescinds the Equity Transfer Agreement pursuant to item (5) of the rescission provisions due to the Transferee's unjustified delay in payment, the Transferee shall pay to the Transferor a one-off amount of liquidated damages equal to 10% of the consideration payable and unpaid.

If, due to reasons attributable to the Transferor, the completion matters under the Equity Transfer Agreement fail to be completed within the agreed timeframe, the Transferor shall pay to the Transferee liquidated damages at the rate of 0.01% of the consideration for each day of delay. If the Transferee rescinds the Equity Transfer Agreement pursuant to item (3) of the rescission provisions, the Transferor shall pay to the Transferee liquidated damages equal to 10% of the consideration. If the foregoing liquidated damages are insufficient to compensate the Transferee for the losses suffered as a result thereof, the Transferor shall further bear liability for damages to the Transferee separately.

If any party breaches any representation, warranty or undertaking made under the Equity Transfer Agreement, and the non-defaulting party rescinds the Equity Transfer Agreement pursuant to item (6) of the rescission provisions, the non-defaulting party shall be entitled to require the defaulting party to pay liquidated damages equal to 5% of the consideration.

All the above liabilities for breach of contract may be accumulated and claimed concurrently.

Liability for Breach of the Equity Transfer Agreement Entered into with Gongqingcheng Zhonghang Kaisheng No. 2

Any breach by a party of the Equity Transfer Agreement, any failure to perform its obligations under the Equity Transfer Agreement, any performance of such obligations that is not in accordance with the terms of the Equity Transfer Agreement, or any breach of any representation, warranty or undertaking made under the Equity Transfer Agreement shall constitute a default. The defaulting party shall indemnify the other party(ies) for all losses arising from such default, including but not limited to all direct economic losses suffered by the non-defaulting party, investigation costs, legal fees, litigation/arbitration costs, travel expenses, appraisal fees, and any other reasonable expenses incurred by the non-defaulting party in enforcing its rights.

If, due to reasons attributable to the Transferor, any of the conditions precedent for payment remains unsatisfied within the agreed timeframe or the Proposed Equity Transfer fails to be completed within the agreed timeframe, and the Transferee rescinds the Equity Transfer Agreement pursuant to item (3) of the rescission provisions, the Transferor shall pay to the Transferee a one-off amount of liquidated damages equal to 5% of the consideration. If, due to reasons attributable to the Transferee, any of the conditions precedent for payment remains unsatisfied within the agreed timeframe or the Proposed Equity Transfer fails to be completed within the agreed timeframe, and the Transferor rescinds the Equity Transfer Agreement pursuant to item (4) of the rescission provisions, the Transferee shall pay to the Transferor a one-off amount of liquidated damages equal to 5% of the consideration.

If the Transferee, without justification, delays payment of any consideration payable under the Equity Transfer Agreement, the Transferee shall pay to the Transferor liquidated damages at the rate of 0.03% of the overdue and unpaid consideration for each day of delay. If such delay exceeds 20 business days, the Transferor shall be entitled to unilaterally rescind the Equity Transfer Agreement, and the Transferee shall pay to the Transferor a one-off amount of liquidated damages equal to 10% of the payable and unpaid consideration.

If any party breaches any representation, warranty or undertaking made under the Equity Transfer Agreement, and the non-defaulting party rescinds the Agreement pursuant to the provisions of the Equity Transfer Agreement, the non-defaulting party shall be entitled to require the defaulting party to pay liquidated damages equal to 5% of the consideration.

If, due to reasons attributable to the Transferor, the registration/filing for the industrial and commercial changes as contemplated under the Equity Transfer Agreement fails to be completed within the agreed timeframe, the Transferor shall pay to the Transferee liquidated damages at the rate of 0.01% of the consideration for each day of delay. If such delay exceeds 60 days, the Transferee shall be entitled to require the Transferor to pay liquidated damages equal to 15% of the consideration. If the foregoing liquidated damages are insufficient to compensate the Transferee for the losses suffered as a result thereof, the Transferor shall further bear liability for damages to the Transferee separately.

All the above liabilities for breach of contract may be accumulated and claimed concurrently.

II. INFORMATION OF THE PARTIES

(a) The Company

The Company is a joint stock company established under the laws of the PRC with limited liability, the H shares of which are listed on the Stock Exchange (stock code: 6067) and the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 300568). The Group is principally engaged in the research and development, production and sales of lithium-ion battery separators, and its products primarily include dry process separators, wet process separators and coated separators. Founded in 2003, the Group has accumulated more than 20 years of industry experience in lithium-ion battery separators.

(b) The Transferors

Fortune New Materials Phase II

Fortune New Materials Phase II is a limited partnership established under the laws of the PRC and is principally engaged in entrusted management of equity investment funds, equity investment in unlisted enterprises, equity investment and investment consultation. As at the date of this announcement, it has 22 partners, all of whom hold less than 30% partnership interests. The general partner of Fortune New Materials Phase II is Shenzhen Fortune Xinwan Equity Investment Fund Management Enterprise (Limited Partnership)* ("**Fortune Xinwan Fund**", 深圳市富海鑫灣股權投資基金管理企業(有限合夥)), which holds 0.5% partnership interests of Fortune New Materials Phase II and is in turn wholly controlled by Shenzhen Oriental Fortune Capital Investment Management Co., Ltd. ("**OFC**", 深圳市東方富海投資管理股份有限公司). OFC is ultimately controlled as to approximately 48.42% by CHEN Wei (陳瑋).

Future City Junluo

Future City Junluo is a limited partnership established under the laws of the PRC and is principally engaged in equity investment and venture investment in unlisted enterprises. As at the date of this announcement, it is owned as to approximately 99.67% partnership interests by Yancheng Oriental Investment & Development Group Co., Ltd. ("**OID Group**", 鹽城東方投資開發集團有限公司) and as to approximately 0.33% partnership interests by Shanghai Junluo Enterprise Management Partnership (Limited Partnership)* ("**Shanghai Junluo**", 上海君濼企業管理合夥企業(有限合夥)) (also being the executive partner). OID Group is wholly controlled by Yancheng Municipal People's Government. Shanghai Junluo is owned as to approximately 68% partnership interests by Shanghai Junyu Business Information Consulting Co., Ltd.* (上海君禺商務信息諮詢有限公司) (also being the executive partner), which is in turn ultimately owned as to approximately 44.35% by WEN Wei (聞威).

Coral Xingci

Coral Xingci is a limited partnership established under the laws of the PRC and is principally engaged in venture investment in unlisted enterprises, investment with its own funds, and private fund equity investment, investment management and asset management activities upon completion of registration with the Asset Management Association of China. As at the date of this announcement, it is owned as to approximately 64.94% partnership interests by Jingdezhen Jingcheng Venture Capital Fund Partnership (Limited Partnership)* (景德鎮市景城創業投資基金合夥企業(有限合夥)), as to approximately 1.95% partnership interests by Changzhou Coral Private Equity Fund Management Partnership Enterprise (Limited Partnership)* ("**Changzhou Coral**", 常州珊瑚私募基金管理合夥企業(有限合夥)) (also being the executive partner), as to approximately 17.53% partnership interests by XU Xiaoyan (徐小燕) and each of the remaining two limited partners holds less than 10% partnership interests. Changzhou Coral is owned as to approximately 60.77% by CHEN Yanwen (陳燕文) and 39.23% by ZHANG Zhiyan (張志炎).

Gongqingcheng Zhonghang Kaisheng No. 2

Gongqingcheng Zhonghang Kaisheng No. 2 is a limited partnership established under the laws of the PRC and is principally engaged in private fund equity investment, investment management and asset management activities upon completion of registration with the Asset Management Association of China, and venture investment in unlisted enterprises. As at the date of this announcement, it is owned as to 40% partnership interests by Shenzhen Tongyi Industrial Co., Ltd. (a company listed on the Shenzhen Stock Exchange with stock code: 300538.SZ), as to 1% partnership interests by Kaisheng Nanshan Private Equity Investment Fund Management (Shenzhen) Co., Ltd.* ("**Kaisheng Nanshan**", 凱晟南山私募股權投資基金管理(深圳)有限公司) (also being the executive partner), as to approximately 25.67% partnership interests by LIN Zhendong (林震東), as to 20% partnership interests by Dongguan Yidong Holdings Co., Ltd.* (東莞市奕東控股有限公司) and as to approximately 13.33% partnership interests by JIAN Shiping (簡世平). Kaisheng Nanshan is owned as to 35% by Shenzhen Nanshan Heli Investment Management Partnership Enterprise (Limited Partnership)* (深圳南山合力投資管理合夥企業(有限合夥)), a limited partnership controlled by CHEN Chen (陳晨) as executive partner and holding 60% partnership interests, as to 33% by Kaihang Investment (Shenzhen) Co., Ltd.* (凱航投資(深圳)有限公司, a company wholly owned by State-owned Assets Supervision and Administration Commission of the State Council), and the remaining 32% equity interests owned by the remaining two investors (each less than 30% equity interests).

Fortune New Materials Phase III

Fortune New Materials Phase III is a limited partnership established under the laws of the PRC and is principally engaged in private fund equity investment, investment management and asset management activities upon completion of registration with the Asset Management Association of China. As at the date of this announcement, it has 38 partners, all of whom hold less than 10% partnership interests. The executive partner of Fortune New Materials Phase III is also Fortune Xinwan Fund (holding approximately 0.49% partnership interests).

Wotao Electronic

Wotao Electronic is a limited liability company established under the laws of the PRC and is principally engaged in technology development, consultation, services and transfer in the fields of electronics technology, metal materials technology, computer network technology and energy technology, enterprise management consultation, trade information consultation, sales of computer hardware and software, building materials, communication equipment, electronic products and components, metal materials, plastic products and instruments, research and development of electronic components, electronic products, metal products and plastic products, and import and export agency business. As at the date of this announcement, it is ultimately controlled as to 50% by WANG Yunfei (王雲飛) and 50% by WU Guobiao (武國彪).

Dongfang Jintai

Dongfang Jintai is a limited partnership established under the laws of the PRC and is principally engaged in industrial investment, asset management and investment consultation. As at the date of this announcement, it is owned as to 46% partnership interests by OID Group, as to 30% partnership interests by Jiangsu China-Korea Yancheng Industrial Park Investment Co., Ltd. (江蘇中韓鹽城產業園投資有限公司), as to approximately 0.67% partnership interests by Jiangsu Yueda Jintai Fund Management Co., Ltd. ("**Yueda Jintai**", 江蘇悅達金泰基金管理有限公司) (also being executive partner) and each of the remaining two limited partners owns less than 20% partnership interests. Yueda Jintai is owned as to 45% by Jiangsu Yueda Shanda Equity Investment Fund Management Co., Ltd.* (江蘇悅達善達股權投資基金管理有限公司, a company ultimately controlled as to approximately 60% by WU Changchun (伍長春)), as to 35% by Jiangsu Huge-Fiscal Investment Co., Ltd.* (江蘇厚積私募基金管理有限公司, a company ultimately controlled as to 65% by WANG Xiaoming (王曉明)) and as to 20% by Jiangsu Huanghai Financial Holding Group Co., Ltd.* (江蘇黃海金融控股集團有限公司, a company wholly owned by Yancheng Municipal People's Government), respectively.

(c) The Target Company

The Target Company is a limited liability company established under the laws of the PRC. Its principal products can be classified into monolayer piezoelectric ceramic plates and multilayer piezoelectric ceramic stacks. Multilayer piezoelectric ceramic stacks generate precise (nano-scale) displacement under the action of an electric field, and can create piezoelectric micro-fluidic control and piezoelectric micro-displacement platforms. Among them, the principal application scenarios of piezoelectric micro-fluidic control include MFC mass flow controllers, lithium battery coating die heads, piezoelectric dispensing machines/dispensing valves, medical micro-injection and others; the principal application scenarios of piezoelectric micro-displacement platforms include micro-displacement control for high-end semiconductor precision equipment, fast steering mirrors which are the core components of ATP (acquisition, tracking and pointing) in satellite laser communications, and deformable mirrors which are the core components of space-to-ground laser communications, and others. Monolayer piezoelectric ceramic plates are widely used in ultrasonic transducers, achieving functions such as ultrasonic welding and ultrasonic cleaning. As at the date of this announcement, it is held by Wotao Electronic with 43.1916% equity interests, and Wotao Electronic is ultimately controlled by WANG Yunfei and WU Guobiao, each controlling 50% of its equity interests. As at the date of this announcement, the Target Company and its respective ultimate beneficial owners are Independent Third Parties.

Shareholding Structure of the Target Company

Details of the shareholding structure of the Target Company as at the date of this announcement and immediately after the completion of the Proposed Equity Transfer

III. FINANCIAL IMPACTS OF THE PROPOSED EQUITY TRANSFER ON THE GROUP

As at the date of this announcement, the Company held approximately 13.50% of the equity interests in the Target Company, and upon completion of the Proposed Equity Transfer, the Company will hold approximately 73.4806% equity interests in the Target Company, and the Target Company will become a non-wholly owned subsidiary of the Company. The financial results of the Target Group will be consolidated into the consolidated financial statements of the Group.

IV. REASONS FOR AND BENEFITS OF THE PROPOSED EQUITY TRANSFER

The Directors are of the view that the acquisition of the equity interests in the Target Company represents the Company's strategic deployment in the field of new materials and can broaden its product boundaries, and has the following principal reasons and benefits:

(1) Industry dynamics: Along with the continuous enhancement of the precision of domestic high-end manufacturing, the demand for high-performance piezoelectric ceramic drive components from precision equipment such as MFC (mass flow controller) and the demand for independent and controllable supply have been increasing in tandem. Currently, the localisation rate of this segment is relatively low, and the supply chain is exposed to risks of external constraints. The principal products of the Target Company can be classified into monolayer piezoelectric ceramic plates and multilayer piezoelectric ceramic stacks. Multilayer piezoelectric ceramic stacks generate precise (nano-scale) displacement under the action of an electric field, and can create piezoelectric micro-fluidic control and piezoelectric micro-displacement platforms. Among them, the principal application scenarios of piezoelectric micro-fluidic control include MFC mass flow controllers, lithium battery coating die heads, piezoelectric dispensing machines/dispensing valves, medical micro-injection and others; the principal application scenarios of piezoelectric micro-displacement platforms include micro-displacement control for high-end semiconductor precision equipment, fast steering mirrors which are the core components of ATP (acquisition, tracking and pointing) in satellite laser communications, and deformable mirrors which are the core components of space-to-ground laser communications, and others. Monolayer piezoelectric ceramic plates are widely used in ultrasonic transducers, achieving functions such as ultrasonic welding and ultrasonic cleaning. Through the acquisition of the Target Company, the Company will enter the piezoelectric ceramic industry, and by leveraging the Target Company's technological accumulation in the piezoelectric ceramic industry, tap into the incremental market for semiconductor equipment and components, broaden its medium – and long-term growth boundaries, build its second growth curve, and simultaneously form industrial synergies between its new materials business and its lithium battery main business.

(2) Business: Based on due diligence and a review of its business operations, the Target Company's operating performance in 2026 has demonstrated rapid growth, with a sufficient order backlog and a high degree of certainty and sustainability in its business development. In respect of the Proposed Equity Transfer, the existing shareholders have clearly expressed their intention to dispose of their equity interests, and the transaction consideration is reasonable. The Company will be able to acquire high-quality industrial assets at a reasonable cost, thereby further enhancing its overall operating quality and investment returns and creating long-term value for all investors.

(3) Industry chain synergies: The Company and the Target Company have highly overlapping core customer bases within the lithium battery industry chain, providing a strong foundation for industrial synergies. Upon completion of the Proposed Equity Transfer, the parties will be able to leverage their respective resource advantages to achieve complementary sales channels and cross-selling, thereby enhancing their service capabilities for core customers. At the same time, the parties will promote technological integration and product iteration, jointly contributing to technological advancement in the industry.

Upon completion of the Proposed Equity Transfer, the Target Company will become a controlled subsidiary of the Company and be consolidated into the Company's consolidated financial statements. Through subsequent resource integration and empowerment, the Company will continue to enhance its overall operational efficiency and core competitiveness. The Company's risk-resistance capability will be effectively strengthened, which is in the interests of all shareholders and the Company.

The Directors consider that the terms of the Proposed Equity Transfer are conducted on an arm's length basis and on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

None of the Directors has a material interest in the Proposed Equity Transfer which would require him/her to abstain from voting on the relevant Board resolution.

V. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Proposed Equity Transfer exceed 5% but less than 25%, the Proposed Equity Transfer constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, each of the Transferors is an Independent Third Party, and therefore the Proposed Equity Transfer does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to the relevant provisions of the Rules Governing Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange and the Guide on Self-supervision of Companies Listed on the Shenzhen Stock Exchange No.2 – Standard Operation of Companies Listed on ChiNext Market, the Proposed Equity Transfer is required to be submitted to the shareholders' meeting for consideration and approval.

VI. PROFIT FORECAST

Since the consideration in respect of the Proposed Equity Transfer was determined with reference to the valuation of all shareholders' equity interests in the Target Company as at the Valuation Date using the income approach, the valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules.

Rongcheng (Hong Kong) CPA Limited ("**RCHK**"), the reporting accountants of the Company, has reported on the calculations for the forecasts used in the valuation report, which do not involve the adoption of accounting policies.

So far as the calculations are concerned, the discounted future estimated cash flows have been properly compiled in all material respects in accordance with the assumptions adopted by the Board as set out in the valuation report. Please refer to the Report from RCHK in Appendix II. The Board has confirmed that the profit forecast has been made after due and careful enquiry by the Board. Please refer to the Letter from the Board in Appendix III.

VII. EXPERT AND CONSENT

The qualifications of the experts who have given their opinions and advice in this announcement are as follows:

Name	**Qualification**
Rongcheng (Hong Kong) CPA Limited	Certified Public Accountants and Registered Public Interest Entity Auditor
Shanghai Orient Appraisal Co., Ltd.	Independent valuer

As at the date of this announcement, each of the experts listed above (i) has given and has not withdrawn its written consent to the issue of this announcement with the inclusion of its letters, reports and/or opinions and the references to its names (including its qualifications) included herein in the form and context in which it appears; (ii) does not have any shareholding in any member of the Group or the right (whether legally exercisable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (iii) does not have any direct or indirect interests in any assets which had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2025 (being the closing date of the latest published audited consolidated financial accounts of the Company).

The completion of the Proposed Equity Transfer is subject to the satisfaction (or, if applicable, waiver) of certain conditions and as such, the Proposed Equity Transfer may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following defined expressions shall have the following meanings:

"Board"	the board of directors of the Company
"China" or "PRC"	the People's Republic of China, for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan of the People's Republic of China
"Company"	Shenzhen Senior Technology Material Co., Ltd. (深圳市星源材質科技股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (stock code: 6067) and the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 300568)

"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Coral Xingci"	Changzhou Coral Xingci Venture Capital Partnership (Limited Partnership)* (常州珊瑚興瓷創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
"Director(s)"	director(s) of the Company
"Dongfang Jintai"	Yancheng Economic and Technological Development Zone Dongfang Jintai High-tech Venture Capital Fund (Limited Partnership)* (鹽城經濟技術開發區東方金泰高新技術創投基金(有限合夥)), a limited partnership established under the laws of the PRC
"Equity Transfer Agreement(s)"	the Equity Transfer Agreement(s) entered into among the Company as Transferee, the Target Company and each of the Transferors, respectively, in relation to the Proposed Equity Transfer
"Fortune New Materials Phase II"	Shenzhen Fortune New Materials Phase II Venture Capital Investment Fund Partnership (Limited Partnership)* (深圳市富海新材二期創業投資基金合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
"Fortune New Materials Phase III"	Xiamen Fortune New Materials Phase III Venture Capital Investment Partnership (Limited Partnership)* (廈門市富海新材三期創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
"Future City Junluo"	Yancheng Economic and Technological Development Zone Future City Junluo Emerging Industry Investment Fund (Limited Partnership)* (鹽城經濟技術開發區未來城君濼新興產業投資基金(有限合夥)), a limited partnership established under the laws of the PRC
"Gongqingcheng Zhonghang Kaisheng No. 2"	Gongqingcheng Zhonghang Kaisheng No. 2 Venture Capital Partnership (Limited Partnership)* (共青城中航凱晟貳號創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	individuals or companies, as far as the Directors are aware after having made all reasonable enquiries, being not connected persons of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

"Proposed Equity Transfer"	the proposed transfer by the Transferors to the Transferee of an aggregate of 59.9806% equity interests in the Target Company pursuant to the Equity Transfer Agreements
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Bangci Electronic Technology (Yancheng) Co., Ltd.* (邦瓷電子科技(鹽城)有限責任公司), a limited liability company established under the laws of the PRC. As at the date of this announcement, the Company held approximately 13.50% of the equity interest in the Target Company, which had been held by the Company since prior to its listing on the Stock Exchange
"Target Group"	Target Company and its subsidiary
"Valuation Report"	the valuation report issued by Shanghai Orient Appraisal Co., Ltd.
"Wotao Electronic"	Yancheng Economic and Technological Development Zone Wotao Electronic Technology Co., Ltd.* (鹽城經濟技術開發區沃陶電子科技有限公司), a limited liability company established under the laws of the PRC
"Wotao Management"	Yancheng Economic and Technological Development Zone Wotao Enterprise Management Partnership Enterprise (Limited Partnership)* (鹽城經濟技術開發區沃陶企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
"%"	percent

* *For identification purpose only*

By order of the Board
Shenzhen Senior Technology Material Co., Ltd.
Prof. Chen Xiufeng
Executive Director and Chairman of the Board

Hong Kong, 13 August 2026

As at the date of this announcement, the Board comprises (i) Prof. Chen Xiufeng, Dr. Zhang Xiaomin and Mr. Xu Liqiang as executive Directors; (ii) Mr. Zhu Bide as a non-executive Director; and (iii) Mr. Tang Changjiang, Ms. Sun Zhenzhen and Mr. Leung Shu Sun Sunny as independent non-executive Directors.

Appendix I – Valuation of the Target Company

I. BASIS OF APPRAISAL

The specific basis for this asset appraisal is as follows:

(I) Legal and Regulatory Basis

1. The Asset Appraisal Law of the People's Republic of China (《中華人民共和國資產評估法》) (adopted at the 21st Session of the Standing Committee of the 12th National People's Congress on 2 July 2016);

2. The Company Law of the People's Republic of China (《中華人民共和國公司法》) (amended at the 7th Session of the Standing Committee of the 14th National People's Congress on 29 December 2023);

3. The Securities Law of the People's Republic of China (《中華人民共和國證券法》) (revised at the 15th Session of the Standing Committee of the 13th National People's Congress on 28 December 2019);

4. Measures for the Fiscal Supervision and Administration of the Asset Appraisal Industry (《資產評估行業財政監督管理辦法》) (issued as Order No. 86 of the Ministry of Finance, amended by Order No. 97 of the Ministry of Finance);

5. The Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) (revised for the second time at the 7th Session of the Standing Committee of the 13th National People's Congress on 29 December 2018);

6. The Notice on Comprehensively Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (Cai Shui [2016] No. 36);

7. The Announcement on Policies Related to Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》) (Announcement No. 39 of 2019 by the Ministry of Finance, State Taxation Administration, and General Administration of Customs);

8. The Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》) (adopted at the 13th Session of the Standing Committee of the 14th National People's Congress on 25 December 2024);

9. Implementation Regulations of the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法實施條例》) (Order No. 826 of the State Council);

10. Trademark Law of the People's Republic of China (《中華人民共和國商標法》) (revised for the fourth time at the 10th Session of the Standing Committee of the 13th National People's Congress on 23 April 2019);

11. The Patent Law of the People's Republic of China (《中華人民共和國專利法》) (revised for the fourth time at the 22nd Session of the Standing Committee of the 13th National People's Congress on 17 October 2020);

12. The Civil Code of the People's Republic of China (《中華人民共和國民法典》) (adopted by the Third Session of the 13th National People's Congress on 28 May 2020);

13. The Vehicle Purchase Tax Law of the People's Republic of China (《中華人民共和國車輛購置稅法》) (adopted at the 7th Session of the Standing Committee of the 13th National People's Congress on 29 December 2018);

14. Other laws and regulations relevant to the appraisal work.

(II) Basis of Appraisal Standards

1. Basic Standards for Asset Appraisal (《資產評估基本準則》) (Cai Zi [2017] No. 43);

2. Professional Ethics Standards for Asset Appraisal (《資產評估職業道德準則》) (CAS [2017] No. 30);

3. Asset Appraisal Practice Standards – Asset Appraisal Engagement Contract (《資產評估執業準則－資產評估委託合同》) (CAS [2017] No. 33);

4. Asset Appraisal Practice Standards – Use of Experts' Work and Related Reports (《資產評估執業準則－利用專家工作及相關報告》) (CAS [2017] No. 35);

5. Asset Appraisal Practice Standards – Intangible Assets (《資產評估執業準則－無形資產》) (CAS [2017] No. 37);

6. Asset Appraisal Practice Standards – Machinery and Equipment (《資產評估執業準則－機器設備》) (CAS [2017] No. 39);

7. Asset Appraisal Practice Standards – Asset Appraisal Report (《資產評估執業準則－資產評估報告》) (CAS [2018] No. 35);

8. Asset Appraisal Practice Standards – Asset Appraisal Procedures (《資產評估執業準則－資產評估程序》) (CAS [2018] No. 36);

9. Asset Appraisal Practice Standards – Asset Appraisal Archives (《資產評估執業準則－資產評估檔案》) (CAS [2018] No. 37);

10. Asset Appraisal Practice Standards – Business Value (《資產評估執業準則－企業價值》) (CAS [2018] No. 38);

11. Asset Appraisal Practice Standards – Asset Appraisal Methods (《資產評估執業準則－資產評估方法》) (CAS [2019] No. 35);

15. Guiding Opinions on the Legal Ownership of Asset Appraisal Objects (《資產評估對象法律權屬指導意見》) (CAS [2017] No. 48);

16. Guiding Opinions on Patent Asset Appraisal (《專利資產評估指導意見》) (CAS [2017] No. 49);

17. Guiding Opinions on Trademark Asset Appraisal (《商標資產評估指導意見》) (CAS [2017] No. 51);

18. Expert Guidelines No. 12 on Asset Appraisal: Measurement of Discount Rate in Enterprise Value Assessment Using Income Approach (《資產評估專家指引第 12 號－收益法評估企業價值中折現率的測算》) (CAS [2020] No. 38).

(III) Asset Ownership Basis

1. Patent certificates or application notifications;

2. Trademark registration certificates;

3. Domain name registration certificates;

4. Motor vehicle license certificates;

5. Important asset purchase contracts or accounting vouchers;

6. Fixed asset ledgers, accounting books, etc.;

7. Ownership proof documents for external investments (investment contracts or agreements, shareholding registration certificates);

8. Other documents proving ownership of assets.

(IV) Pricing Basis for Appraisal

1. The latest Loan Prime Rate (LPR) authorized for publication by the National Interbank Funding Center;

2. The current benchmark deposit and lending interest rate table of the People's Bank of China effective on the valuation date;

3. Historical financial statements and audit reports of the appraised entity;

4. Materials related to current and future market forecasts for the main products of the appraised entity;

5. Future revenue, cost, and expense forecast tables provided by the management of the appraised entity;

6. In-hand contracts, orders, and target customer information provided by the management of the appraised entity;

7. Financial data and capital market information from the iFinD information system;

8. On-site inspection records by the asset valuer and other relevant valuation information collected.

(V) Other Reference Documents

1. Financial statements, account books, vouchers, and asset appraisal declaration forms as of the valuation date provided by the appraised entity and its management;

2. Handbook of Commonly Used Methods and Parameters for Asset Appraisal (《資產評估常用方法與參數手冊》) (China Machine Press, 2011 Edition);

3. Regulations on the Compulsory Vehicle Scrapping Standards (《機動車強制報廢標準規定》) (Joint Order No. 12 [2012] of the Ministry of Commerce, the National Development and Reform Commission, the Ministry of Public Security, and the Ministry of Environmental Protection);

4. National macroeconomic, industry, regional market, and enterprise statistical analysis documents;

5. Technical statistical documents of Shanghai Orient Appraisal Co., Ltd.;

6. Other relevant reference documents.

II. APPRAISAL METHODS

(I) Overview of Appraisal Methods

In accordance with the Basic Standards for Asset Appraisal and the Asset Appraisal Practice Standards – Asset Appraisal Methods, the methods for determining asset value include three basic methods: the market approach, the income approach, and the cost approach, as well as their derivatives.

According to the Asset Appraisal Practice Standards – Business Value, the three basic methods – the income approach, the market approach, and the cost approach (also known as the asset-based approach)—can be used for business valuation:

The income approach refers to the appraisal method that determines the value of the appraised object by capitalizing or discounting the expected income. When applying the income approach to business valuation, it emphasizes the overall expected profitability of the enterprise.

The market approach refers to the appraisal method that determines the value of the appraised object by comparing it with comparable listed companies or comparable transaction cases. Applying the market approach to business valuation features appraisal data sourced directly from the market, making the appraisal results highly persuasive.

The cost approach (asset-based approach) refers to the appraisal method that determines the value of the appraised object based on the balance sheet of the appraised entity as of the valuation date, reasonably appraising the value of all on-balance-sheet and identifiable off-balance-sheet assets and liabilities. When the asset-based approach is applied to business valuation, there may be circumstances where not every asset and liability can be fully identified and individually appraised.

(II) Selection of Appraisal Methods

According to the Asset Appraisal Practice Standards – Business Value, "In performing business valuation, the appraiser shall analyze the applicability of the three basic approaches – namely the income approach, the market approach, and the cost approach (asset-based approach)—based on factors such as the purpose of the appraisal, the appraisal object, the value type, and the availability of data, and shall select the appropriate appraisal approach(es) accordingly." "For business valuations suitable for using different appraisal methods, asset appraisal professionals shall use two or more appraisal methods."

From the perspective of the book asset composition, the appraised entity is a typical asset-light industry enterprise, characterized by numerous intangible resources such as new operating models, service platforms, marketing teams, and business qualifications that are difficult to be individually identified and quantified in terms of value. Therefore, using the cost approach (asset-based approach) cannot comprehensively and reasonably reflect the intrinsic value of the enterprise, so the cost approach is not adopted in this appraisal.

The income approach evaluates assets from the perspective of their expected profitability, which can fully reflect the overall value of the enterprise, and its appraisal results are relatively reliable and persuasive. Simultaneously, the appraised entity meets the prerequisite conditions for applying the income approach: sustainable future operations, a predictable future income period, a stable relationship between total shareholders' equity and business operating income, predictable and quantifiable future operating income, and estimable risk premiums related to the enterprise's expected income.

The two commonly used specific methods of the market approach are the guideline public company method and the transaction case comparison method. The prerequisite for applying the market approach is the existence of a developed, fair, and active open market with relatively sufficient market data and comparable transaction cases available in the open market. Currently, there are a considerable number of listed companies in the same industry as the appraised entity with similar product types, business structures, and operating models. The purpose of this appraisal is to provide a market value reference for equity acquisition, making it suitable to adopt the market approach.

Based on the above analysis, it is determined to use both the income approach and the market approach for this appraisal.

(III) Introduction to the Income Approach

1. Overview

According to the Asset Appraisal Practice Standards – Business Value, the Discounted Cash Flow (DCF) method is a common method under the income approach. It involves estimating the enterprise's future expected cash flows and applying an appropriate discount rate to discount the expected cash flows to present value, thereby obtaining the value of total shareholders' equity. The DCF method typically includes the Free Cash Flow to the Firm (FCFF) model and the Free Cash Flow to Equity (FCFE) model. Asset appraisal professionals shall appropriately select the cash flow discount model based on the industry, operating model, capital structure, development trends, etc., of the appraised entity.

2. Basic Approach

Based on the asset composition and business operation characteristics of the appraised entity, and the findings of the appraisal due diligence, the basic approach of this appraisal starts with the audited financial statements of the appraised entity: Firstly, the DCF method is used to estimate the value of the enterprise's operating assets; then, the value of other non-operating or excess assets and liabilities as of the valuation date is added, and then the value of total shareholders' equity of the enterprise is obtained after the interest-bearing debt is deducted.

3. Appraisal Model

The FCFF model is specifically selected for this DCF method based on the actual situation of the appraised entity. The basic formula is as follows:

Total Shareholders' Equity Value = Enterprise Total Value – Value of Interest-Bearing Debt

Where:

(1) Enterprise Total Value = Value of Operating Assets + Value of Excess Assets + Value of Non-Operating Assets and Liabilities

(2) Value of Operating Assets = Present Value of Free Cash Flows during the Explicit Forecast Period + Sum of Present Value of Free Cash Flows after the Explicit Forecast Period (P), namely:

$$p = \sum_{i=1}^{n} \frac{F_i}{(1+r)^i} + \frac{F_n*(1+g)}{(r-g)*(1+r)^n}$$

Where: F_i – Free cash flow amount for the i-th future benefit period;

n – Explicit forecast period, referring to the time from the valuation date until the enterprise reaches a relatively stable operating condition;

g – Expected annual growth rate of future earnings after the explicit forecast period;

r – The selected discount rate.

4. Appraisal Procedure

(1) The appraised entities included in the consolidated financial statements scope, namely, Bangci Electronic Technology (Yancheng) Co., Ltd. (邦瓷電子科技(鹽城)有限責任公司) and its wholly-owned subsidiary Jingdezhen Bangci Electronic Technology Co., Ltd. (景德鎮邦瓷電子科技有限公司), both focus their main businesses on the ceramic material industry. Their operations are essentially inseparable organic components within the same business system. Typically, the parent and subsidiary companies are treated as a whole and predicted under the consolidated caliber income approach, so as to more accurately and comprehensively reflect the revenue status and value creation capability of this complete business system. Meanwhile, the investee entity included in the consolidated financial statements scope is mainly a wholly-owned subsidiary with a stable equity structure, and non-operating factors can be fully identified and considered, which meets the preconditions for consolidated caliber prediction. Therefore, this appraisal adopts the consolidated caliber for forecasting.

(2) Determine the expected earnings. Combined with the human resources, technical level, capital structure, operating conditions, historical performance, and development trends of the appraised entity, as well as macroeconomic factors, the current status and development prospects of the industry, conduct necessary analysis, review, judgment, and adjustment on the future earning forecast documents provided by the client or the management of the appraised entity, and then, on this basis, reasonably determine the appraisal assumptions and form the future expected earnings.

(3) Determine the future earnings period. The future earnings period is determined to be indefinite after analyzing and understanding the nature and type of the appraised enterprise, the current status and development prospects of the industry, the agreements and articles of association, operating conditions, asset characteristics, and resource conditions. Meanwhile, the explicit forecast period n of this project is set at 5 years on the basis of a comprehensive analysis of the remaining economic life of the appraised entity's products or services, the R&D status of alternative products or services, revenue structure, cost structure, capital structure, capital expenditure, working capital, investment income and risk level, combined with macro policies, industry cycles, and other factors affecting the enterprise's entry into a stable period. After the explicit forecast period, the Fi amount remains unchanged, that is, the value of g is zero.

(4) Determine the discount rate. In accordance with the principle that the discount rate should be consistent with the caliber of the expected earnings, the Weighted Average Cost of Capital (WACC) is selected for this appraisal, namely, the weighted average of the expected return on equity and the expected return on debt adjusted by income tax. The calculation formula is as follows:

$$WACC = R_d \times (1\text{-}T) \times W_d + R_e \times W_e$$

Where:

R_d : Expected return on debt;

R_e : Expected return on equity;

W_d : Percentage of debt capital in the capital structure;

W_e : Percentage of equity capital in the capital structure;

T : Effective corporate income tax rate.

The expected return on equity is determined by the modified Capital Asset Pricing Model (CAPM), and the calculation formula is as follows:

$$R_e = R_f + ß_e \times MRP + \varepsilon$$

Where: R_f : Risk-free rate;

MRP : Market risk premium;

ε : Specific risk premium;

$ß_e$: Expected market risk coefficient of the appraised object's equity capital;

$$ß_e = ß_t \times (1+(1-t)\times \frac{D}{E})$$

Where: $ß_t$ is the expected unlevered market risk coefficient of comparable companies;

D and E: Representing the debt capital and equity capital of comparable companies respectively.

(4.1) Determination of the risk-free rate *Rf*: According to domestic and foreign industry research results, combined with the requirements of the Expert Guidelines No. 12 on Asset Appraisal: Measurement of Discount Rate in Enterprise Value Assessment Using Income Approach issued by the China Appraisal Society (CAS), this risk-free rate is calculated by selecting the average of the most recent ten-year Chinese government bond yields. The data source is the China Government Bond Yield Curve provided by China Central Depository & Clearing Co., Ltd. (CCDC) and published on the official website of the CAS.

The government bond yield curve is a curve that describes the relationship between government bonds of various maturities and their corresponding yield levels. The China Government Bond Yield Curve is compiled based on the market interest rates of RMB-denominated government bonds issued in the Chinese mainland.

Considering that the 10-year government bond yield is released every working day, in order to avoid the impact of short-term market sentiment fluctuations on the value selection, the average value of the latest complete quarter is calculated and updated once a quarter in combination with the technical specifications of our company. The value on the valuation date of this appraisal is 1.82%.

(4.2) Calculation of the market risk premium (MRP, i.e. *Rm-Rf*): The market risk premium refers to the expected excess return required by investors on equity investments with the same average risk as the overall market, that is, the risk compensation exceeding the risk-free rate. The market risk premium can usually be measured using historical market risk premium data. We calculate the market risk premium using the historical risk premium data of China's securities market index.

Calculation of *Rm*: Calculate the rate of return based on China's securities market index.

Index selection: According to the Expert Guidelines No. 12 on Asset Appraisal: Measurement of Discount Rate in Enterprise Value Assessment Using Income Approach issued by the CAS, and considering that the CSI 300 Total Return Index is more accurate than the CSI 300 Index in calculating the rate of return because it corrects the dividend distribution of sample stocks, we select the CSI 300 Total Return Index to calculate the rate of return. The base period index is 1,000 points, and the time is 31 December 2004.

Time span: The calculation period is from January 2005 to the end of the year before the valuation date.

Data frequency: Weekly. Given that China's capital market has a history of about 30 years and the index has experienced significant fluctuations, the return rate based solely on weekly closing index levels would be subject to substantial volatility and may lack reference value. To eliminate the impact of significant (abnormal) fluctuations, the annualized rate of return is calculated based on the 200-week average of closing prices preceding the relevant trading date (if less than 200 weeks, the average is calculated from the week when the index was launched).

Annualized rate of return averaging method: Calculate and analyze the arithmetic and geometric average annualized rates of return, and finally select the geometric average annualized rate of return.

Calculation of *Rf*: The risk-free rate adopts the yield to maturity of the 10-year government bond of the same period (the data source is the same as before). Corresponding to the index rate of return, it is calculated using the average value of the complete calendar year of the current year.

Calculation of market risk premium (MRP, *Rm-Rf*):

The basic data of China's annual market risk premium is obtained through the above calculation. Considering that China's economy is shifting from the stage of high-speed growth to the stage of high-quality development and the growth rate is gradually slowing down, we use the average value of the latest 5 years to calculate the MRP, as follows:

Period	**Average Social Rate of Return**	**Yield to Maturity of 10-Year Government Bond**	**MRP, *Rm−Rf***
Mean			**6.65%**
2025	8.12%	1.74%	6.38%
2024	8.66%	2.22%	6.44%
2023	9.29%	2.73%	6.56%
2022	9.71%	2.77%	6.94%
2021	9.95%	3.03%	6.92%

That is, the current risk premium for the Chinese market is approximately 6.65%.

(4.3) Determination of Beta value (β coefficient): Th52 0 Td(c 0at): Th52 02.1asu to.0

The selection criteria for the β coefficient value are as follows:

Target index selection: CSI 300

Calculation cycle: Weekly

Time range: 3 years

Rate of return calculation method: Logarithmic rate of return

Exclusion of financial leverage: Calculated based on market value ratio

D and E: Representing the debt capital and equity capital of comparable companies respectively.

Finally, the estimated value of the expected risk coefficient of the appraised object's equity capital $\beta e = 1.215$ is obtained.

(4.4) Determination of specific risk premium ε: After comprehensively considering factors such as the risk characteristics, enterprise scale, business model, operation stage, core competitiveness, and main customer and supplier dependence of the appraised enterprise, as well as the differences with the selected comparable listed companies, we determined this indicator mainly based on the professional experience and judgment of the appraisers. After analysis and judgment, we finally determined that the specific risk premium ε is 4.00%.

(4.5) Determination of expected return on debt Rd: The expected return on debt is set as the 5-year loan prime rate (LPR) published by the National Interbank Funding Center.

(4.6) Determination of the capital structure: We analyzed various factors such as the development stage of the appraised enterprise, the financing arrangements in future years, the differences with comparable companies in financing capacity and financing cost, and whether the capital structure is stable, and decided to adopt the target capital structure of the appraised enterprise for this appraisal.

(5) Determination of the value of excess assets and the net appraisal value of non-operating assets and liabilities. Based on the audited financial statements of the appraised entity, analyze and determine the scope of excess assets and non-operating assets and liabilities, and adopt appropriate appraisal methods to determine their appraisal values.

Excess assets refer to the redundant assets that have no direct relationship with the enterprise's operating income in this earning forecast and exceed the assets required for the enterprise's operation in the earnings forecast, mainly including the excess monetary funds.

Non-operating assets and liabilities refer to assets and related liabilities that have no direct relationship with the enterprise's normal operating income in this earnings forecast, including assets that do not generate income, or can generate income but are not included in the scope of this earnings forecast. They mainly include equity-participating long-term investments and deferred income tax assets.

(IV) Introduction to the Market Approach

1. Overview

According to the Asset Appraisal Practice Standards – Business Value, the market approach in the business valuation refers to a valuation method that determines the value of the subject of valuation by comparing it with comparable listed companies or comparable transaction cases. Two commonly used methods in the market approach are the guideline public company method and the transaction case comparison method.

The guideline public company method refers to a specific method that obtains and analyzes the operating and financial data of comparable listed companies, calculates value ratios, and determines the value of the appraisal object on the basis of comparative analysis with the appraised entity.

The transaction case comparison method refers to a specific method that obtains and analyzes the data of purchase, acquisition, and merger cases of comparable enterprises, calculates value ratios, and determines the value of the appraisal object on the basis of comparative analysis with the appraised entity.

2. Calculation Formula

Total Shareholders' Equity Value = Value of Operating Assets + Value of Excess Assets + Value of Non-Operating Assets and Liabilities

Value of Operating Assets = Relevant Indicator of Appraised Entity × Corresponding Value Ratio of Comparable Enterprises × Correction Coefficient

The guideline public company method is adopted for this appraisal based on the sufficiency and reliability of the obtained operating and financial data of comparable enterprises and the number of comparable enterprises that can be collected.

3. Appraisal Procedure

(1) Determine comparable reference enterprises.

In an appropriate transaction market, analyze transaction instances or listed company cases that belong to the same industry as the appraised entity or are affected by the same economic factors, engage in the same or similar businesses, have consistent transaction types, and have a close time span, and select them as candidate comparable enterprises. After focusing on factors such as the business structure, operating model, enterprise scale, asset allocation and utilization, operation stage, growth potential, operating risk, and financial risk of comparable enterprises, screen the applicability of candidate comparable enterprises, and finally select an appropriate number of reference enterprises that are comparable with the appraised entity.

Since the appraised entity is a non-listed company, whose equity has no public trading market, its market value cannot be directly determined, and it is not suitable to use the direct method to calculate its risk rate of return. We select comparable enterprises from domestic listed companies. The general criteria for selecting comparable enterprises in this appraisal are as follows:

(1) Comparable enterprises have been profitable in recent years;

(2) Comparable enterprises must have a listing history of at least three years;

(3) The industry and main business engaged in by comparable enterprises are the same or similar to those of the appraised entity.

The appraised entity is mainly engaged in the R&D, production, and sales of piezoelectric ceramics and components. According to the query conducted through the iFinD database, the subject industry is classified under the "Electronic Components – Passive Components" sector in the Shenwan industry classification system, with a total of 19 listed companies. These companies are then screened based on the aforementioned selection criteria.

The comparable listed companies ultimately identified are provided in the table below:

No.	**Security Code**	**Security Short Name**
1	920491. BJ	Audiowell
2	002138. SZ	Sunlord
3	300408. SZ	Tri-Ring Group

(2) Make necessary adjustments for the differences between the appraised entity and comparable reference enterprises.

Compare and analyze the operating and financial information of comparable enterprises obtained from public and legal channels with the actual situation of the appraised entity, and make necessary difference adjustments.

(3) *Select and determine value ratios.*

Value ratios usually include profit ratios, asset ratios, revenue ratios, and other specific ratios, such as price-to-earnings (P/E) ratio, price-to-book (P/B) ratio, enterprise value-to-sales (EV/Sales) ratio, or enterprise value multiples (such as EV/EBIT and EV/EBITDA). The P/E ratio is selected as the value ratio for this appraisal after the correlation is compared and analyzed between each value ratio and the market value of the appraised entity. The following factors are fully considered in the selection process: The selected value ratio is conducive to reasonably determining the value of the appraisal object; the data caliber and calculation method for calculating the value ratio are consistent; when applying the value ratio, reasonable adjustments are made to the differences between comparable enterprises and the appraised entity as much as possible.

(4) *Estimate the enterprise value.*

After adjusting and calculating the value ratios of comparable enterprises, we combine the corresponding financial data or indicators of the appraised entity to calculate the value of the appraised entity's operating assets. The total shareholders' equity value of the appraised entity is obtained by appraising the value of the appraised entity's excess assets and non-operating assets and liabilities.

The guideline public company method is adopted for this appraisal. Since the comparable companies are listed companies while the appraised entity is a non-listed company, the impact of the Discount for Lack of Marketability (DLOM) needs to be considered in the calculation of the value of operating assets.

Currently, there is no reliable authoritative statistical data on the control premium rate or the Discount for Lack of Control (DLOC) that can be recognized by all market participants for the Chinese market, so this market approach appraisal does not take into account the impact of control on the value of the appraisal object.

Since the non-operating assets and non-operating profit and loss of comparable enterprises cannot be obtained through detailed due diligence like the appraised enterprise, and considering the availability of data, the operating profits of listed companies are generally not adjusted unless there is conclusive evidence and special reasons (such as an excessively high proportion of non-main business income and non-recurring costs charged to expense). Therefore, we did not adjust the non-operating assets and non-operating profit and loss of the appraised entity and comparable enterprises during the market approach appraisal process.

(5) Determine the appraisal conclusion.

The final appraisal value is determined after the total shareholders' equity value is calculated using the value ratio.

III. IMPLEMENTATION PROCESS AND SITUATION OF APPRAISAL PROCEDURES

We have implemented the appraisal procedures for this project in accordance with China's asset appraisal standards and relevant national principles and regulations on asset appraisal. The entire appraisal process consists of the following four stages:

(I) Appraisal Preparation Stage

1. After accepting the entrustment of this project, we immediately communicated and reached a consensus with the client on issues such as the appraisal purpose, valuation date, and the scope of the appraisal object, signed the business entrustment contract, and compiled the asset appraisal plan for this project.

2. We cooperated with the enterprise in asset inventory, guided and assisted the enterprise in the declaration of the appraised assets, and prepared various documents and data required for asset appraisal.

(II) On-site Appraisal Stage

The on-site appraisal investigation stage was from 6 July to 11 July 2026 according to the overall schedule of this project. The following main on-site appraisal procedures were carried out after we selected the applicable appraisal method for this appraisal:

1. Verified the assets within the appraisal scope declared by the enterprise and relevant documents:

    (1) Obtained introductions from the relevant personnel of the client and the appraised entity regarding the overall situation of the enterprise and the history and current status of the assets included in the appraisal scope, and understood the relevant internal systems, operating conditions, asset usage status, and other situations of the enterprise;

    (2) Verified the content of the asset appraisal declaration details provided by the enterprise, checked them against the relevant financial record data of the enterprise, and coordinated with the enterprise to make adjustments or supplements for the problems found;

    (3) Conducted on-site investigation, spot check, and inventory of physical assets according to the content of the asset appraisal declaration details;

(4) Consulted and collected the property right certification documents of the assets included in the appraisal scope, inspected the ownership documents provided by the appraised entity, and verified the ownership of the assets. Counted the situation of impaired assets, and asked the appraised entity to verify and confirm whether the ownership of these assets belongs to the enterprise and whether they are involved in property right disputes;

(5) For equipment assets, understood the management system and actual implementation situation, as well as the corresponding maintenance, reconstruction, and expansion situations, and consulted and collected relevant technical documents, contract documents, final settlement documents, completion acceptance documents, etc. For general-purpose equipment, obtained relevant information mainly through market research and inquiring about relevant price information and other documents;

(6) For the intangible assets involved, understood their cost composition, historical and future revenue situations, and the market conditions of corresponding products and other relevant information; consulted and collected legal documents, ownership validity documents, or other supporting documents of intangible assets; investigated the characteristics of intangible assets, asset portfolio situations, and usage status; the geographical scope, field scope, profitability, and revenue mode of intangible assets implementation; judged whether they can continue to function and bring economic benefits to the obligees; understood the legal protection period, revenue period, and protection measures of intangible assets; investigated the legal and administrative regulations or other restrictions encountered during the implementation of intangible assets, etc.;

(7) Mainly understood the actual debt situation that the appraised entity should bear for the liabilities within the appraisal scope.

2. Understood the historical operation situation, the current operating status of the appraised entity, and the actual situation of the industry it belongs to, and judged the possible development trend of the enterprise in the coming period. The details are as follows:

(1) Understood the relevant legal situations of the appraised entity's continuing operation, mainly including the articles of association, investment and capital contribution agreements, business premises, and operation capabilities;

(2) Understand the accounting system implemented by the appraised entity, including its fixed asset depreciation policies, methods for recording inventory costs and tracking inventory issuance, applicable tax rates and tax compliance status, as well as its debt, borrowings, and debt costs over the past few years;

(3) Understood the business type, operating model, and historical operating performance of the appraised entity, including the income proportion of main operating businesses, the distribution of main customers, and the related party transactions with related enterprises;

(4) Obtained audited financial information and data such as the balance sheet, income statement, cash flow statement, and detailed schedules of product revenue, costs, and expenses in recent years;

(5) Understood the enterprise's asset allocation and actual utilization situation, analyzed the relevant excess assets and non-operating assets and liabilities, and reached a consensus with the enterprise's management;

(6) Understood the company's core operational strengths and weaknesses through interviews with the management of the appraised entity; its business plans and strategies for the coming years, such as market demand, R&D investment, pricing strategies, sales plans, cost and expense control, capital raising, and projected new investment plans, as well as the composition and trends of revenue and costs for its primary business operations; information about the major market competitors; and operational risks faced, such as national policy risks, market (industry) competition risks, product (technology) risks, financial (debt) risks, and exchange rate risks;

(7) Conducted necessary analysis and review on the future revenue forecast materials provided by the management of the appraised entity, combined with the human resources, technical level, capital structure, operating conditions, historical performance, and development trend of the appraised entity, as well as macroeconomic factors and the current status and development prospects of the industry, discussed various future possibilities with the client and relevant parties, and analyzed the applicability and matching between the future revenue forecast documents and the appraisal assumptions;

(8) Understood the numbers and basic situations of comparable enterprises and comparable market transaction cases that belong ure reva2.17 2.3J0.084244 Tw -2.3

(I) Basic Assumptions

1. Transaction Assumption

The transaction assumption assumes that all the appraised assets are already in the transaction process, and the asset valuers conduct value appraisal by simulating the market according to the transaction conditions of the appraised assets. The transaction assumption is the most basic precondition assumption for asset appraisal to be carried out.

2. Open Market Assumption

The open market assumption is an assumption about the market conditions that the assets are about to enter and what kind of influence the assets will receive under such market conditions. An open market refers to a fully developed and perfect market condition, a competitive market with voluntary buyers and sellers. In this market, buyers and sellers are in equal positions, both have the opportunity and time to obtain sufficient market information, and the transactions between buyers and sellers are carried out under voluntary, rational, and non-mandatory or unrestricted conditions. The open market assumption is based on the premise that assets can be publicly bought and sold in the market.

3. Going Concern Assumption of the Enterprise

The going concern assumption of the enterprise assumes that, under the current conditions of assets and resources and within the foreseeable future operating period, the production and operation business of the appraised entity can continue to operate legally in accordance with its current status, and no significant adverse changes will occur in its operating conditions.

4. Assumption of Assets Being Used for Their Current Purposes

The assumption of assets being used for their current purposes means that the assets are assumed to be continuously used for their current purposes. First, it is assumed that the assets within the appraised scope are in use. Second, it is assumed that they will continue to be used in accordance with the current purposes and usage methods, without taking into account the conversion of asset purposes or the conditions for their best utilization.

(II) General Assumptions

1) This appraisal assumes that no unforeseeable major adverse changes will occur in the external economic environment, such as the current relevant national laws, macroeconomics, and financial and industrial policies, after the valuation date, and there will be no major impacts caused by other force majeure and unforeseeable factors.

2) This appraisal does not take into account the impacts on the appraisal conclusion that may be caused by the mortgages and guarantees that the appraised entity and its assets may bear in the future, as well as the additional prices that may be paid due to special transaction methods.

3) It is assumed that no major changes will occur in the social and economic environment where the appraised entity is located, as well as the fiscal and tax policies such as taxes and tax rates implemented there, and financial policies such as credit policies, interest rates, and exchange rates will remain basically stable.

4) The current and future operating businesses of the appraised entity are legal and compliant and conform to the relevant provisions of its business license and articles of association.

(III) Special Assumptions for Income Approach Appraisal

1) The current and future management of the appraised entity is assumed to perform their management and operational functions in a lawful, compliant, and diligent manner. After the implementation of this economic behavior, there will be no situations that seriously affect the development of the enterprise or damage the interests of shareholders, and the existing operation and management mode and management level will be maintained.

2) During the future forecast period, the core management personnel and technical personnel team of the appraised entity are assumed to remain relatively stable, and no major changes that affect the enterprise's operation and development and the realization of earnings will occur.

3) The accounting policies adopted by the appraised entity after the valuation date are assumed to remain consistent, in all material respects, with those applied in the preparation of this appraisal report.

4) It is assumed that after the valuation date, the cash inflow of the appraised entity is uniform, and the cash outflow is also uniform.

5) It is assumed that the appraised entity can raise the required funds according to its operation needs, and the operation of the enterprise will not be affected by financing issues.

6) The Certificate of High & New Technological Enterprise (《高新技術企業證書》) of the appraised entity was obtained on 19 November 2024, with a validity period of three years. It is assumed that no major changes will occur in the current laws and regulations related to the recognition of high-tech enterprises in the future. After analyzing the indicators such as the composition type of the enterprise's current main business, the composition of R&D personnel, and the proportion of future R&D investment in main business income, the appraisers, based on reasonable inferences about the future, assume that the appraised entity will have the conditions to continuously obtain the recognition of high-tech enterprises in the future and can continuously enjoy the preferential income tax policies.

7) According to the Announcement of the Ministry of Finance and the State Taxation Administration on the Additional Value-Added Tax Credit Policy for Advanced Manufacturing Enterprises (《財政部稅務總局關於先進製造業企業增值稅加計抵減政策的公告》) (Announcement No. 43 [2023] of the Ministry of Finance and the State Taxation Administration), the appraised entity is entitled to the additional VAT credit policy for advanced manufacturing enterprises. It is permitted to credit an additional 5% of the current deductible input VAT against the output VAT payable from 1 January 2023, to 31 December 2027. It is assumed in this appraisal that the aforementioned policy will not be extended after its expiration in 2027, and the additional VAT input tax credit will no longer be projected in other income from 2028 onwards.

8) The current production and operation site of the appraised entity is half of the construction area (the southern half) of the 7# bonded warehouse in Phase II of Yancheng Comprehensive Bonded Zone. The current production and operation site of its wholly-owned subsidiary is the north side of the 1st floor, part of the 3rd floor, and part of the 4th floor of the No. 4 plant in the Acceleration Base of Changnan New Area, Jingdezhen. Both sites are obtained through paid lease. This appraisal assumes that, after the expiration of the lease contracts, both the appraised entity and its wholly-owned subsidiary can renew the leases in accordance with the agreed terms of the lease contracts to continue using the sites, or obtain operation sites with similar conditions and scales at the market rent level by then.

(IV) Special Assumptions for the Market Approach

1) It is assumed that the relevant financial data of comparable enterprises are true and reliable;

2) All transactions are assumed to be fair transactions conducted in an open, equal, and voluntary manner except for special explanations;

3) The asset appraisal professionals only select comparison dimensions and indicators based on the publicly disclosed information related to comparable transactions, and do not consider the impacts of other non-public matters on the value of the appraised entity;

4) The possible impacts of special transaction methods on the appraisal conclusion are not considered.

The appraisal conclusion of this asset appraisal report is valid as of the valuation date under the above assumptions. When the above assumptions change significantly, the signing asset valuers and this appraisal institution shall not be liable for the different appraisal conclusions derived as a result of such changes.

V. APPRAISAL CONCLUSION

In accordance with the relevant provisions of the state on asset appraisal, we have implemented the necessary appraisal procedures based on the principles of independence, impartiality, and objectivity. Under the appraisal purpose, appraisal assumptions, and restrictive conditions described in this report, we have obtained the appraisal conclusion of the market value of all shareholders' equity of the appraised entity as of the valuation date.

(I) Relevant Appraisal Results

1. Appraisal Value under the Income Approach

The income approach is adopted to appraise the value of all shareholders' equity of the enterprise, and the appraisal result as of the valuation date is as follows:

The book value of the owner's equity (net assets) of the appraised entity on a consolidated basis is RMB163,625,300, the appraisal value is RMB629,000,000, and the appraisal appreciation is RMB465,374,700, with an appreciation rate of 284.41%.

2. Appraisal Value under the Market Approach

The market approach is adopted to appraise the value of all shareholders' equity of the enterprise, and the appraisal result as of the valuation date is as follows:

The book value of the owner's equity (net assets) of the appraised entity on a consolidated basis is RMB163,625,300, the appraisal value is RMB665,000,000, and the appraisal appreciation is RMB501,374,700, with an appreciation rate of 306.42%.

(II) Difference Analysis of Appraisal Results and Final Appraisal Conclusion

1. Difference Analysis of Appraisal Results from Different Methods

The value of all shareholders' equity obtained by the income approach in this appraisal is RMB629,000,000, which is RMB36,000,000 lower than the value of all shareholders' equity of RMB665,000,000 calculated by the market approach.

The main reason for the difference in the appraisal results of different appraisal methods is that various appraisal methods consider the asset value from different perspectives. The income approach takes it into account from the perspective of the enterprise's future comprehensive profitability; the market approach calculates it from the perspective of current market comparable prices, which leads to the difference in the appraisal results of various appraisal methods.

2. Selection of Appraisal Conclusion

When multiple appraisal methods are adopted for the same appraisal object, the appraisal conclusion shall be formed in a qualitative or quantitative way by combining the appraisal purpose and the quality and quantity of data used in different appraisal methods according to the Asset Appraisal Practice Standards – Business Value.

The market approach appraises the value of the appraisal object by using the reference objects in the capital market. Due to the large fluctuations in the capital market, there are many factors affecting the capital market price, and each company has different business structures, operating models, enterprise scales, and asset allocations. Therefore, it is objectively difficult to accurately quantify the above differences. Given that the quality and quantity of data used in the income approach in this appraisal are better than those in the market approach, the result of the income approach is preferentially selected.

We select the appraisal result of the income approach as the appraisal conclusion of the value of all shareholders' equity of the appraised entity based on the above analysis. As a result of the appraisal, the total shareholders' equity value of the appraised entity is RMB629,000,000.00. In words: RMB Six Hundred and Twenty-Nine Million Yuan Only.

The appraisal conclusion is drawn based on the above appraisal work.

(III) Analysis of Variance Between the Appraisal Conclusion and Book Value and Explanation of Reasons

The appraisal conclusion of the income approach is adopted for this appraisal, and the reasons for the appreciation are as follows:

Based on the reason for adopting the appraisal conclusion of the income approach, the company has the value of important intangible resources that are not reflected in the book value of the enterprise, such as the advantages of technology and R&D team, customer resources, business network, service capabilities, management advantages, and brand advantages. Therefore, the appraisal conclusion derived from the income approach represents a significant increase over the book value.

(IV) Other Considerations on the Appraisal Conclusion

As the appraised entity is a non-listed company and the object of this appraisal is the total shareholders' equity value, no control premium has been applied in the income approach, nor have liquidity factors been taken into account. In the market approach, no control premium has been applied; however, as the guideline public company method is adopted, liquidity factors have been considered. This appraisal adopts the appraisal result of the income approach as the appraisal conclusion, and does not take into account the impacts of the control premium and the lack of liquidity factors on the appraisal conclusion.

(V) Validity Period of the Appraisal Conclusion

The appraisal conclusion disclosed in this appraisal report is based on the premise that no major changes have occurred in the appraisal assumptions stated in this report in accordance with the provisions of the current appraisal standards. Usually, the conclusion of this appraisal report can only be used when the interval between the implementation date of the economic behavior and the valuation date does not exceed one year, that is, the validity period of the appraisal conclusion is from the valuation date, 31 March 2026, to 30 March 2027.

The conclusion of this appraisal report shall not be used to implement economic behaviors after the above validity period of the appraisal conclusion.

(VI) Other Explanations on the Appraisal Conclusion

If the number of assets involved in the appraisal object and the pricing standards change within the validity period of the appraisal conclusion after the valuation date, the client can handle them in accordance with the following principles:

1. When the quantity of assets changes, the asset amount shall be adjusted correspondingly according to the original appraisal method;

2. When the asset price standards change and have a significant impact on the asset appraisal results, the client shall engage a qualified asset appraisal institution to re-determine the appraisal value in a timely manner;

3. The client shall give full consideration to the changes in the quantity of assets and price standards after the valuation date when implementing the economic behavior.

The following is the text of a report received from the Company's reporting accountants, Rongcheng (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, for inclusion in this Announcement.

容诚 | RCHK

INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE 100% EQUITY INTERESTS IN BANGCI ELECTRONIC TECHNOLOGY (YANCHENG) CO., LTD.*

TO THE BOARD OF DIRECTORS OF SHENZHEN SENIOR TECHNOLOGY MATERIAL CO., LTD.

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Shanghai Orient Appraisal Co., Ltd.* (上海東洲資產評估有限公司) dated 4 August 2026, of the 100% equity interests in Bangci Electronic Technology (Yancheng) Co., Ltd.* (邦瓷電子科技(鹽城)有限責任公司) (the "**Target Company**") and its subsidiary (together, the "**Target Group**") as at 31 March 2026 (the "**Valuation**") is based. DIRj/7.7m25 Tw 27d. DIRj/7

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on whether the calculations of the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.60A(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material aspects, in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of the Target Group.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, so far as the calculations are concerned, the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions.

Rongcheng (Hong Kong) CPA Limited
Certified Public Accountants
LO, Chi Kin
Practising Certificate Number: P08415
Hong Kong

13 August 2026

* *For identification purpose only*

13 August 2026

Listing Division

The Stock Exchange of Hong Kong Limited

12th Floor, Two Exchange Square

8 Connaught Place, Central, Hong Kong

Dear Sirs,

Discloseable Transaction – Acquisition of 59.9806% Equity Interests in the Target Company

We refer to the valuation report ("**Valuation Report**") dated 4 August 2026 in relation to the valuation of the total shareholders' equity of Bangci Electronic Technology (Yancheng) Co., Ltd.* (邦瓷電子科技(鹽城)有限責任公司), ("**Target Company**") as at 31 March 2026 prepared by Shanghai Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司) ("**Valuer**"), which was determined based on the income approach and by taking into account the cash flow projection of the relevant businesses, and therefore constitutes a profit forecast ("**Profit Forecast**") under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Terms in this letter shall have the same meanings as those defined in the announcement of the Company dated 13 August 2026 in respect of the discloseable transaction in relation to the Proposed Equity Transfer unless the context otherwise requires.

We have reviewed the bases and assumptions based upon which the valuation of the Target Company has been prepared by the Valuer and of which the Valuer is responsible. We have also considered the reports from the reporting accountants Rongcheng (Hong Kong) CPA Limited (容誠(香港)會計師事務所有限公司), regarding whether the discounted future estimated cash flows of the valuation of the Target Group, so far as the calculations are concerned, have been properly compiled, in all material respects and in accordance with the bases and assumptions set out in the Valuation Report.

On the basis of the foregoing, we are of the opinion that the valuation prepared by the Valuer has been made after due and careful enquiry.

By order of the Board
Shenzhen Senior Technology Material Co., Ltd.
Prof. Chen Xiufeng
Executive Director and Chairman of the Board