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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Jiangsu Lopal Tech. Group Co., Ltd. (the “Company”), you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Jiangsu Lopal Tech. Group Co., Ltd.
江蘇龍蟠科技集團股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2465)

- (1) PROPOSED ADOPTION OF THE 2025 SHARE OPTION INCENTIVE SCHEME AND THE PROPOSED GRANT;
(2) PROPOSED AUTHORISATION TO THE BOARD TO DEAL WITH MATTERS RELATED TO THE 2025 SHARE OPTION INCENTIVE SCHEME;
(3) PROPOSED REFRESHMENT OF GENERAL MANDATE;
(4) PROPOSED PROVISION OF FINANCIAL ASSISTANCE TO A CONTROLLED SUBSIDIARY;
(5) PROPOSED EXTENSION OF BOOK CLOSURE PERIOD; AND
(6) NOTICE OF 2025 SIXTH EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



A letter from the Board is set out on pages 7 to 44 of this circular.

A notice convening the EGM to be held at 2nd Floor, Large Conference Room, No. 6 Hengtong Avenue, Nanjing Economic and Technological Development Zone, Nanjing, Jiangsu Province, PRC on December 31, 2025 at 2:00 p.m. is set out on pages EGM-1 to EGM-4 of this circular.

Whether or not you intend to attend the EGM, you are advised to complete and return the enclosed proxy form in respect of the EGM in accordance with the instructions printed thereon as soon as possible and in any event, not less than 24 hours prior to the commencement of such meeting or any adjournments thereof, i.e., not later than Tuesday, December 30, 2025 at 2:00 p.m. (Hong Kong time). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

December 9, 2025

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DEFINITIONS

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

“2023 Share Option Incentive Scheme”	the A share option incentive scheme approved and adopted by the Shareholders at the extraordinary general meeting held on September 22, 2023
“A Share(s)”	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid in Renminbi and is/are listed for trading on the Shanghai Stock Exchange
“A Share Announcement”	the announcement of the Company published on Shanghai Stock Exchange on October 23, 2025, regarding, among others, the proposed adoption of the Scheme
“A Shareholder(s)”	holder(s) of the A Share(s)
“Administrative Measures”	the Administrative Measures on Share Option Incentives of Listed Companies (Zhong Guo Zheng Jian Hui Ling No. 126) (上市公司股權激勵管理辦法) (中國證監會令第126號), amended on 15 August 2018 (Zhong Guo Zheng Jian Hui Ling No. 148) (中國證監會令第148號)
“AGM”	the annual general meeting of the Company held on May 28, 2025
“Articles of Association”	the Articles of Association of the Company (as amended from time to time)
“associate(s)”	shall have the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Changzhou Liyuan”	Changzhou Liyuan New Energy Technology Co., Ltd. (常州鋰源新能源科技有限公司), a limited liability company established in the PRC on May 12, 2021 and a direct non-wholly owned subsidiary of the Company which is owned as to approximately 66.42% by the Company as of the Latest Practicable Date
“Company”	Jiangsu Lopal Tech. Group Co., Ltd. (江蘇龍蟠科技集團股份有限公司) (formerly known as Jiangsu Lopal Tech. Co., Ltd. (江蘇龍蟠科技股份有限公司)), a joint stock company established in the PRC on March 11, 2003 converted from the predecessor Jiangsu Lopal Petrochemical Co., Ltd.* (江蘇龍蟠石化有限公司) into a joint stock company with limited liability under the PRC Company Law on January 23, 2014, the A Shares of which are listed on the Shanghai Stock Exchange with the stock code of 603906 and the H Shares of which are listed on the Stock Exchange with the stock code of 2465

DEFINITIONS

“Company Law”	the Company Law of the People’s Republic of China
“Conditions of Exercise”	conditions to be fulfilled by a Participant to Exercise a Share Option according to the Scheme
“Conditions of Grant”	conditions to be fulfilled by a Participant to be granted a Share Option according to the Scheme
“controlling shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Date of Grant”	the date on which a Share Option is granted to a Participant by the Company, which must be a trading day
“Director(s)”	the director(s) of the Company
“EGM”	the sixth extraordinary general meeting of the Company convened and to be held at 2nd Floor, Large Conference Room, No. 6 Hengtong Avenue, Nanjing Economic and Technological Development Zone, Nanjing, Jiangsu Province, PRC at 2:00 p.m. on Wednesday, December 31, 2025
“Exercise”	a Participant to acquire A Shares pursuant to the exercise of the Share Option(s) in accordance with the conditions stipulated under the Scheme
“Exercise Date”	the date on which a Participant is entitled to Exercise, which must be a trading day
“Exercise Price”	the price determined under the Scheme for a Participant to acquire Shares of the Company
“Existing A Share General Mandate”	the general mandate to issue A Shares under simplified procedure pursuant to a special resolution passed at the AGM to issue A Shares to specific targets with a total financing amount not exceeding RMB300 million and not exceeding 20% of the net assets at the end of the most recent financial year and the number of shares issued will not exceed 20% of the number of A Shares in issue at the time of AGM, details of which are set out in the circular of the Company dated May 6, 2025
“Existing General Mandates”	collectively, the Existing H Share General Mandate and the Existing A Share General Mandate

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“Existing H Share General Mandate”	the general mandate granted to the Directors pursuant to a special resolution passed at the AGM to allot, issue and deal with H Shares of up to 20% of the number of the H Shares in issue of the Company, or securities, options, warrants which may be converted into such Shares or the similar rights which could subscribe for the H Shares of the Company as at the date of passing such resolution
“Global Offering”	the Hong Kong public offering and the international offering of the H Shares
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign Share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are to be traded in Hong Kong dollars and is/are listed for trading on the Stock Exchange
“H Shareholder(s)”	holders of H Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent board committee (comprising all the independent non-executive Directors) which has been established by the Board to make recommendation to the Independent Shareholders on the Proposed Refreshment of General Mandate
“Independent Financial Adviser”	Red Sun Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, which has been appointed, with the approval of the Independent Board Committee, by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Refreshment of General Mandate
“Independent Shareholder(s)”	Shareholder(s) other than any controlling shareholders and their associates or, where there are no controlling shareholders, any Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates who shall hold Shares as at the date of the EGM

DEFINITIONS

“June Placing”	the placing of 20,000,000 new H Shares under the Existing H Share General Mandate
“Latest Practicable Date”	December 8, 2025, being the latest practicable date prior to the despatch of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“New General Mandate”	the new general mandate proposed to be sought at the EGM to authorise the Board to allot, issue and deal with A Shares and/or H Shares, or securities convertible into such shares, options, warrants or similar rights to subscribe for any of the Shares, not exceeding 20% of the total number of Shares in issue (excluding any treasury shares) as at the date on which the relevant resolution is passed at the EGM
“Participant(s)”	person(s) eligible to be granted Share Options under the Scheme
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macao Special Administrative Region and Taiwan
“Proposed Grant”	proposed grant of a total 6,850,000 Share Options to the Participants under the Scheme
“Proposed Provision of Financial Assistance to a Controlled Subsidiary”	the proposed provision of financial assistance by the Company to Changzhou Liyuan as set out in the overseas regulatory announcement of the Company dated December 9, 2025
“Proposed Refreshment of General Mandate”	the proposed grant of the New General Mandate to the Directors at the EGM to replace the Existing General Mandates, such that no Shares will thereafter be issuable under the Existing General Mandates
“Prospectus”	the prospectus of the Company dated October 22, 2024
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme” or “2025 Share Option Incentive Scheme”	the 2025 A Share Option Incentive Scheme of the Company proposed for adoption, as set out in the Scheme Announcement

DEFINITIONS

“Scheme Announcement”	the announcement of the Company dated October 22, 2025 in relation to, among other things, the proposed adoption of the Scheme
“Securities Law”	the Securities Law of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Shanghai Listing Rules”	the Rules Governing the Listing of Securities on Shanghai Stock Exchange
“Shanghai Stock Exchange”	the Shanghai Stock Exchange (上海證券交易所)
“Share(s)”	A Share(s) and/or H Share(s)
“Share Option(s)”	the right to be granted to a Participant to acquire certain number of A Shares according to pre-determined conditions in a particular period of time under the Scheme
“Shareholder(s)”	the holder(s) of the Share(s)
“subsidiary” or “subsidiaries”	shall have the meaning ascribed to it under the Listing Rules
“treasury share(s)”	shall have the meaning ascribed to it under the Listing Rules
“USD”	United States dollars, the lawful currency of the United States
“Validity Period”	the period from the Date of Grant of a Share Option to the date on which all Share Options are exercised or cancelled
“Vesting Period”	the period between the Date of Grant and the Exercise Date of a Share Option
“%”	per cent

EXPECTED TIMETABLE

Date of despatch of this circular Tuesday, December 9, 2025

Latest time for lodging forms of proxy for the EGM 2:00 p.m. at
Tuesday, December 30, 2025

Time and date of the EGM 2:00 p.m. at
Wednesday, December 31, 2025



Lopal
龙蟠科技

Jiangsu Lopal Tech. Group Co., Ltd.
江蘇龍蟠科技集團股份有限公司

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

(Stock Code: 2465)

Executive Directors:

SHI Junfeng (*Chairman*)
LU Zhenya
QIN Jian
SHEN Zhiyong
ZHANG Yi

Non-Executive Director:

ZHU Xianglan

Independent Non-Executive Directors:

LI Qingwen
YE Xin
GENG Chengxuan
HONG Kam Le

Registered Office:

No. 6 Hengtong Avenue
Nanjing Economic and Technological
Development Zone
PRC

Principal Place of Business in

Hong Kong:

46/F, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

December 9, 2025

To the Shareholders

Dear Sir/Madam,

- (1) PROPOSED ADOPTION OF THE 2025 SHARE OPTION
INCENTIVE SCHEME AND THE PROPOSED GRANT;
(2) PROPOSED AUTHORISATION TO THE BOARD
TO DEAL WITH MATTERS RELATED
TO THE 2025 SHARE OPTION INCENTIVE SCHEME;
(3) PROPOSED REFRESHMENT OF GENERAL MANDATE;
(4) PROPOSED PROVISION OF FINANCIAL ASSISTANCE TO
A CONTROLLED SUBSIDIARY;
(5) PROPOSED EXTENSION OF BOOK CLOSURE PERIOD; AND
(6) NOTICE OF 2025 SIXTH EXTRAORDINARY
GENERAL MEETING**

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information regarding the proposed adoption of the Scheme and the Proposed Grant and proposed authorisation to the Board to deal with related matters, the Proposed Refreshment of General Mandate, the Proposed Provision of Financial Assistance to a Controlled Subsidiary and the proposed extension of book closure period, in order to seek your approval of the resolutions in relation to the aforesaid matters to be proposed at the EGM.

I. PROPOSED ADOPTION OF THE 2025 SHARE OPTION INCENTIVE SCHEME AND THE PROPOSED GRANT AND PROPOSED AUTHORISATION TO THE BOARD TO DEAL WITH RELATED MATTERS

A. INTRODUCTION

Reference is made to the Scheme Announcement of the Company dated October 22, 2025 in relation to the proposed adoption of the Scheme.

B. PROPOSED ADOPTION OF THE SCHEME AND THE PROPOSED GRANT

The purposes of the Scheme are:

1. to establish and improve the interest sharing mechanism between the management and the Shareholders to align the interests of the Company, Shareholders and employees, fostering a shared focus on the Company's long-term development, thereby bringing more efficient and sustainable returns to the Shareholders;
2. to further improve the Company's corporate governance structure and establish a long-term and effective incentive and constraint mechanism to ensure the Company's long-term and stable development; and
3. to effectively motivate the proactivity of management and employees, attract and retain quality management talent and key personnel, prevent loss of talent, and enhance the Company's cohesion and competitiveness.

The Scheme is formulated in accordance with relevant requirements under the Company Law, the Securities Law, the Administrative Measures, other relevant laws and regulations, and the Articles of Association.

On October 22, 2025, the Board passed resolutions in relation to the proposed adoption of the Scheme and the Proposed Grant and resolved that it will be proposed at the EGM for the Shareholders to consider, and if thought fit, to approve the adoption of the Scheme and the Proposed Grant by way of special resolutions.

To avoid any conflict of interest, (a) Mr. LU Zhenya, Mr. QIN Jian and Mr. ZHANG Yi, each an executive Director and a proposed grantee under the Proposed Grant; and (b) Mr. SHI Junfeng, an executive Director, and Ms. ZHU Xianglan, a non-executive Director, each an associate of the Participant(s) of the Scheme, (i) have abstained from voting on the resolutions to the proposed adoption of the Scheme and the Proposed Grant at the Board meeting on October 22, 2025; and (ii) will abstain from voting on any resolutions in relation to any matters relating to the Scheme in the future.

LETTER FROM THE BOARD

The summary of the principal terms of the Scheme is set out in Appendix I to this circular. A copy of the Scheme will be published on the websites of the Hong Kong Stock Exchange and the Company for display for a period of not less than 14 days before the date of the EGM and will be available for inspection at the EGM.

According to the terms of the Scheme, the Participants, all of whom will be employee participants as defined in Rule 17.03A(1)(a) of the Listing Rules, shall exercise the corresponding Share Options within the relevant exercise period upon the expiration of the Vesting Period (up to 16 and 28 months respectively from the Date of Grant) and subject to the satisfaction of certain performance appraisal conditions.

Participants

The Participants for the Proposed Grant under the Scheme include the existing executive Directors, senior management, middle management and core technical (business) backbones of the Group.

In determining the basis of eligibility of the Participants, (i) they are all employees of the Group having a direct impact on the operation, performance and development of the Company; (ii) none of the Participants under the Scheme has participated in the share option incentive schemes of two or more listed companies at the same time; (iii) the Participants who are director and senior management must be elected by Shareholders' meeting or engaged by the Board; and (iv) all the Participants must hold positions in and enter into labour contracts or employment agreements or retirement re-employment agreements with the Group at the time of the grant of Share Option(s) by the Company and within the appraisal period of the Scheme.

Since the Participants will also become the Shareholders upon exercise of the Share Options granted thereto, the Participants will be incentivised to contribute to the development and success of the Company. In this connection, the Group can also retain quality personnel. The grant of Share Options to the Participants will therefore enable the Group to align the interests of the Group and the interests of the Participants, who are employees of the Group, by enabling them to have a personal interest in the growth and development of the Company, in turn incentivising them to strive for the Group's long-term growth, which is line with the purpose of the Scheme.

Performance targets and clawback mechanism

The exercisable Share Options for the Participants are determined based on the annual performance appraisal results at the company level, business line level and individual level, details of which are set out the paragraph headed "G. Conditions of Grant and Exercise under the Scheme — 2. Conditions of Exercise of the Share Options" in Appendix I to this circular. Satisfaction of all such assessment targets will constitute the Conditions of Exercise for the Participants to exercise the Share Options granted.

LETTER FROM THE BOARD

In addition, the Scheme also has a clawback mechanism to guard against potential severe misfeasance of the Participants where the Share Options granted to such Participants which are not yet exercised shall not be exercised and shall be cancelled by the Company, details of which are set out in the section paragraph “M. Handling of Special Occasions of the Company and Participants — II. Handling of changes in the personal circumstances of the Participants” in Appendix I to this circular.

By putting in place comprehensive performance targets and appraisal mechanism governing the Conditions of Exercise of the Share Options in multiple dimensions on the company level, business line level and individual level, as well as a mechanism to claw back the options in case of misfeasance of the Participants, it is expected that the Participants, as employee participants, will be motivated to make an effort to contribute to the development of the Group in order to attain and satisfy certain performance and results and maximise the number of exercisable Share Options granted thereto at the Exercise Price and in turn promote the business development of the Group and align the interests of the Shareholders and the Participants, which is line with the purpose of the Scheme.

Exercise Price

The Exercise Price of the Share Options to be granted under the Proposed Grant shall be RMB15.35 per Share, and shall not be lower than the nominal amount of the Shares and not lower than the higher of the following:

1. the average trading price of the A Share (i.e. RMB15.35 per share) on the trading day preceding the date of the A Share Announcement; and
2. the average trading price of the A Share (i.e. RMB14.75 per share) for 120 trading days preceding the date of the A Share Announcement.

According to the requirements of Rule 17.03E of the Listing Rules, the Exercise Price shall be at least the higher of: (i) the closing price of the Shares as stated in the Hong Kong Stock Exchange’s daily quotations sheet on the Date of Grant, which must be a business day; and (ii) the average closing price of the Shares as stated in the Hong Kong Stock Exchange’s daily quotations sheet for the five business days immediately preceding the Date of Grant.

The Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with, among others, Rule 17.03E of the Listing Rules, details of which are set out in the paragraph headed “I. Proposed Adoption of the 2025 Share Option Incentive Scheme and the Proposed Grant and Proposed Authorisation to the Board to Deal With Related Matters — D. Implications under Listing Rules” of the Letter from the Board.

LETTER FROM THE BOARD

The Exercise Price is determined as required by the applicable laws and regulations of the PRC. Since the Exercise Price will not be lower than the price stipulated in the applicable laws and regulations of the PRC or such higher price as may be determined by the Directors, it is expected that the Participants will be incentivised to make an effort to contribute to the growth of the Group to bring about an increased market price of the Shares such that they can capitalise on the benefits of the Share Options granted to them under the Scheme, ultimately fostering the Group's long-term development, enhancing the cohesion and competitiveness of the Company and benefiting the Company and the Shareholders as a whole, which is line with the purpose of the Scheme.

Vesting Period

Vesting Period represents the period from the Date of Grant to the Exercise Date of a Share Option. The granted Share Options will be vested in the relevant Participants in two tranches. The Vesting Period of 50% of the granted Share Options is 16 months, and that of the remaining 50% is 28 months. During the Vesting Period, the Participants shall not exercise the Share Options granted under the Scheme.

By setting the Vesting Period, coupled with the exercise period, the Conditions of Exercise including the performance appraisal conditions and the Exercise Price, the Participants, as employee participants, will be required to continue to take office in the Company, endeavour to meet the relevant performance standards, and continuously strive for growth and betterment of the Company's performance so as to reap the benefits brought about by the Shares upon exercise of the Share Options, in turn retaining quality personnel for the Group to continuously contribute to the sustainable growth and success of the Group, which aligns the interests of the Group and the interests of the Participants and is line with the purpose of the Scheme.

1. Source of Shares under the Scheme and number of Share Options proposed to be granted under the Scheme

The Scheme is a share option incentive scheme. Share Option represents the right to be granted to a Participant by the Company to acquire certain number of Shares at a pre-determined price under certain conditions during a particular period of time.

The subject shares involved in the Scheme are A Shares (being ordinary shares) of the Company, the source of which shall be new A Shares (being ordinary shares) to be issued and placed to the Participants by the Company. As at the Latest Practicable Date, the Company held 2,082,400 A Shares as treasury shares. The Company does not intend to use any treasury shares for the Scheme.

There are no voting rights, dividend rights or other rights (including those arising on the liquidation of the Company) attaching to the Share Options. The Share Options shall not be transferred, assigned, or used as guarantee or repayment of debts.

LETTER FROM THE BOARD

The number of the subject shares involved in the total number of Share Options to be granted to the Participants under the Scheme is 6,850,000 shares, representing approximately 1.00% of the total issued share capital of the Company of 682,996,503 Shares (excluding treasury shares) as at the Latest Practicable Date, not exceeding 10% of the total issued share capital (excluding treasury shares) as at the date of approval of the Scheme, and representing approximately 1.22% of the total number of A Shares of the Company (excluding treasury shares) as at the Latest Practicable Date, not exceeding 10% of the total number of A Shares of the Company (excluding treasury shares) as at the date of approval of the Scheme.

Subject to the fulfillment of the Conditions of Exercise, each Share Option entitles the Participant to acquire one A Share of the Company at the Exercise Price during the Exercise Period.

The total number of Shares to be issued under the Scheme and under the Share Options that can be granted under the Scheme within the Validity Period is 6,850,000 A Shares, representing approximately 1.00% of the total issued share capital of the Company (excluding treasury shares) as at the date of approval of the Scheme, not exceeding 10% of the total issued share capital (excluding treasury shares) as at the date of approval of the Scheme, and representing approximately 1.22% of the total number of A Shares of the Company (excluding treasury shares) as at the date of approval of the Scheme, not exceeding 10% of the total number of A Shares of the Company (excluding treasury shares) as at the date of approval of the Scheme.

The Participants for the Proposed Grant under the Scheme include the existing executive Directors, senior management, middle management, core technical (business) backbones of the Group who are all employees of the Group having a direct impact on the operation, performance and development of the Company. The independent Directors and Shareholders and de facto controllers individually or collectively holding more than 5% of the Shares of the Company (excluding treasury shares) and their spouses, parents and children shall not participate in the Scheme.

The total number of the above Participants is 300 in total, representing approximately 6.64% of the total existing employees of the Group as at the Latest Practicable Date.

The details of the Proposed Grant under the Scheme, including the information on the Participants, the number of A Shares and Exercise Price in relation to the Share Options proposed to be granted to the Participants, are set out in Appendix I to this circular.

LETTER FROM THE BOARD

The allocation of the Proposed Grant is set out in the table below:

Name	Position	Number of Share Options	Approximate percentage of the total Share Options	Approximate proportion to the total share capital of the Company as at the Latest Practicable Date
I. Directors, Senior Management				
Zhang Yi	Executive Director, joint company secretary of the Company and secretary of the Board	80,000	1.17%	0.0117%
Lu Zhenya	Executive Director	70,000	1.02%	0.0102%
Qin Jian	Executive Director, deputy general manager	30,000	0.44%	0.0044%
Subtotal (3 persons)		<u>180,000</u>	<u>2.63%</u>	<u>0.0263%</u>
II. Other Participants				
Middle management and core technical (business) backbones (297 persons)		<u>6,670,000</u>	<u>97.37%</u>	<u>0.9736%</u>
Total (300 persons)		<u>6,850,000</u>	<u>100.00%</u>	<u>0.9999%</u>

The 2023 Share Option Incentive Scheme was approved and adopted by the Shareholders at the extraordinary general meeting held on September 22, 2023 prior to the Company's listing of H Shares on the Hong Kong Stock Exchange, and no options or awards will be granted by our Company pursuant to the 2023 Share Option Incentive Scheme thereafter.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the total number of outstanding share options granted under the 2023 Share Option Incentive Scheme is 2,375,000, details of which are set out below:

Name of the grantees	Date of grant	Outstanding as at the Latest Practicable Date	Number of A Shares underlying the outstanding options granted as at the Latest Practicable Date	Exercise price (RMB per A Share)	Vesting period	Exercise period
Directors						
Qin Jian (秦建)	September 22, 2023	90,000	90,000	11.92	See Note (1)	See Note (2)
Lu Zhenya (呂振亞)	September 22, 2023	95,000	95,000	11.92	See Note (1)	See Note (2)
Shen Zhiyong (沈志勇)	September 22, 2023	345,000	345,000	11.92	See Note (1)	See Note (2)
Zhang Yi (張羿)	September 22, 2023	95,000	95,000	11.92	See Note (1)	See Note (2)
Subtotal		<u>625,000</u>	<u>625,000</u>	11.92		
Other employees of the Company who are the eligible participants	September 22, 2023	1,750,000	1,750,000	11.92	See Note (1)	See Note (2)
Total		<u>2,375,000</u>	<u>2,375,000</u>			

Notes:

- (1) The vesting periods are 12 months and 24 months commencing from the date of grant date of the 2023 Share Option Incentive Scheme, i.e. September 22, 2023.
- (2) The exercise periods for the relevant options are as follows: 50% of the options shall be exercisable from September 22, 2024 to September 21, 2025, and 50% of the options shall be exercisable from September 22, 2025 to September 21, 2026.

Based on the terms and conditions of the Scheme, the total number of Shares issued and to be issued in respect of all options and awards granted and to be granted to each Participant (including both exercised and outstanding options) under the Scheme and any other schemes including the 2023 Share Option Incentive Scheme in any 12-month period would not exceed 1% of the total share capital (excluding treasury shares) nor 1% of the total number of the A Shares of the Company (excluding treasury shares) from time to time.

The total number of Shares to be issued in respect of all options and awards granted and to be granted under the Scheme and any other schemes including the 2023 Share Option Incentive Scheme, (i) represents 1.35% of total issued share capital of the Company of 682,996,503 Shares (excluding treasury shares) as at the date of approval of the Scheme and would not exceed 10% of the total issued share capital (excluding treasury shares) as at the date of approval of the Scheme; and (ii) represents 1.64% of

LETTER FROM THE BOARD

total number of A Shares of the Company (excluding treasury shares) as at the date of approval of the Scheme and would not exceed 10% of the total number of A Shares of the Company (excluding treasury shares) as at the date of approval of the Scheme.

2. Schedule of the Scheme

(1) Validity Period

The Validity Period of the Scheme shall be the period from the Date of Grant of a Share Option to the date on which all Share Options are exercised or cancelled, and shall not exceed 48 months from the Date of Grant. Share Options not exercised will lapse after the Validity Period.

(2) Vesting Period

Vesting Period represents the period from the Date of Grant to the Exercise Date of a Share Option. The granted Share Options will be vested in the relevant Participants in two tranches. The Vesting Period of 50% of the granted Share Options is 16 months, and that of the remaining 50% is 28 months.

(3) Exercise Date

The granted Share Options can be exercised on the first trading day after the Vesting Period.

On the Exercise Date, upon the fulfilment of the Conditions of Exercise required by the Scheme, the Participants shall exercise the Share Options according to the arrangement set out in the following table:

Exercise Period ("Exercise Period")	Exercise Time	Exercise Proportion
First Exercise Period	Commencing on the first trading day after expiry of 16 months from the Date of Grant and ending on the last trading day of 28 months from the Date of Grant	50%
Second Exercise Period	Commencing on the first trading day after expiry of 28 months from the Date of Grant and ending on the last trading day of 40 months from the Date of Grant	50%

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For Share Options that have not been applied for Exercise or cannot be applied for Exercise due to failure to meet the Conditions of Exercise during the Exercise Period, the relevant Share Options shall no longer be exercisable and shall not be deferred to become exercisable in the next Exercise Period, and the Company will cancel such Share Options in accordance with the principles of the Scheme.

Any Share Options cancelled in accordance with the terms and conditions of the Scheme will be regarded as utilised for the purpose of calculating the number of the subject shares involved in the total number of Share Options to be granted to the Participants under the Scheme.

The number of individual effective Share Options of Participants shall be adjusted according to the individual comprehensive appraisal and assessment for the year of assessment.

The lock-up arrangement under the Scheme shall be implemented in accordance with the Company Law, the Securities Law and other relevant laws, regulations and regulatory documents as well as the requirements of the Articles of Association. Specific requirements are as follows:

1. Where a Participant is a Director or a member of the senior management of the Company, the number of Shares of the Company which may be transferred by the Participant each year during his/her term of office as determined upon his/her appointment shall not exceed 25% of the total number of the Shares of the Company held by him/her. No Shares of the Company held by him/her shall be transferred within six months after his/her termination of office;
2. Where a Participant is a Director or a member of the senior management of the Company and their spouses, parents or children, and he/she disposes of any Shares of the Company within six months after acquisition or buys back such Shares within six months after disposal, all gains arising therefrom shall be accounted to the Company and the Board will collect all such gains;
3. shareholding reduction by a Participant shall be in compliance with relevant regulations including the Interim Measures for the Administration of Shareholding Reduction by Shareholders of Listed Companies (上市公司股東減持股份管理暫行辦法) issued by the CSRC and Guidelines No. 15 of Shanghai Stock Exchange for Self-Regulation of Listed Companies — Reduction of Shareholdings by Shareholders, Directors and Senior Management (上海證券交易所上市公司自律監管指引第15號 — 股東及董事、高級管理人員減持股份); and

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4. if, during the Validity Period of the Scheme, there is any amendment to the requirements regarding transfer of Shares by a Director or a member of the senior management of the Company under the Company Law, the Securities Law and other relevant laws, regulations, regulatory documents and the Articles of Association, then such Participants shall comply with such amended requirements when transferring the Shares of the Company held.

3. Administrative and appraisal measures of the Scheme

According to the Scheme, the Exercise of Share Options by Participants shall be conditional upon the Participants having passed the appraisal implemented pursuant to the administrative measures for the implementation and appraisal of the share option incentive scheme of the Company as set out in Appendix II to this circular.

4. Conditions for the Scheme to take effect

The Scheme shall become effective upon consideration and approval at the EGM. The grant and Exercise of Share Options shall become valid upon fulfillment of the conditions as stipulated under the Scheme.

For details of the conditions of grant and conditions of Exercise of the Share Options, please refer to the paragraph headed “G. Conditions of Grant and Effectiveness under the Scheme” in Appendix I to this circular.

5. Fair value and determination of Share Options

In accordance with the relevant requirements of the Accounting Standards for Business Enterprises No. 11 — Share-Based Payments (《企業會計準則第11號 — 股份支付》) and the Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments (《企業會計準則第22號 — 金融工具確認和計量》), the Company selects the Binary Tree Model to measure the fair value of Share Options and uses the closing price on October 22, 2025 as the benchmark price. This model is used to evaluate 6,850,000 Share Options to be granted. The specific parameters are selected as follows:

- (a) Underlying share price: RMB15.32 per share (the closing price on October 22, 2025)
- (b) Validity periods of the Share Options: 28 months and 40 months, respectively (i.e., the period from Date of Grant to the end of each Exercise Period)
- (c) Historical volatility: 8.3057% and 6.6538% (using the average annual volatility of comparable companies in the same industry in the last 1 and 2 years respectively)

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- (d) Risk-free interest rates: 1.3653% and 1.4934% (using the yields of 1-year and 2-year China Bonds respectively)
- (e) Dividend yield: 1.8386% (calculated based on the average dividend rate of comparable companies in the same industry in the three years before the announcement of the Scheme)

According to the preliminary calculation made by the valuation model, the fair value of each Share Option in such grant is RMB0.6. The valuation results on the value of the Share Options herein shall not be referred to as basis of accounting treatments. The fair value of the Share Options to be used in cost calculation needs to be calculated afresh by collecting the real-time market data on the Date of Grant upon the actual completion of the grant.

C. PROPOSED AUTHORISATION TO THE BOARD TO DEAL WITH MATTERS RELATED TO THE SCHEME

To ensure an effective implementation and execution of the Scheme, in accordance with the relevant requirements of the Company Law, the Securities Law, the Articles of Association and the Administrative Measures, the Board will propose at the EGM to authorise the Board to be responsible for the implementation and management of the Scheme. The specific authorisations include but not limited to:

1. authorise the Board to determine the eligibility and conditions for the Participants to participate in the Scheme and to determine the date of grant of the Scheme;
2. authorise the Board to make corresponding adjustment to the number of and/or the Exercise Price of the Share Options in accordance with the requirements of the Scheme upon the occurrence of circumstances such as capitalisation issue, distribution of share bonus, share sub-division or share consolidation and rights issue specified in the Scheme;
3. authorise the Board to review and confirm the eligibility and the Conditions of Exercise of the Participants and agree that the Board may delegate the same to the remuneration and evaluation committee of the Board;
4. authorise the Board to make allocation of and adjustment to or direct reduction of the total quota of the Share Options between each Participant in accordance with pre-determined methods and procedures;
5. authorise the Board to grant Share Options to the Participants when they meet the relevant conditions and to deal with all matters necessary for the Grant, including but not limited to entering into the relevant agreement and other relevant documents with the Participants, submitting applications for exercise to the relevant stock exchange, and applying to the securities registration and clearing company for relevant registration and settlement services;

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6. authorise the Board to determine if the Conditions of Exercise of the Share Options granted to the Participants have been met and the actual number of Share Options that can be exercised, and to deal with all matters necessary for the exercise of the Share Options by the Participants, including but not limited to submitting applications for exercise to the relevant stock exchange and applying to the securities registration and clearing company for relevant registration and settlement services;
7. authorise the Board to, depending on circumstances, authorise the remuneration and evaluation committee of the Board to deal with certain matters related to Share Options, including but not limited to being responsible for the appraisal of the Participants, deciding on the handling of the Participants' share of Share Options when special circumstances occur to such Participants, and cancelling the Share Options that have not yet been exercised by the Participants;
8. authorise the Board to handle the amendment and termination of the Scheme in accordance with the provisions of the Scheme, including but not limited to cancelling the eligibility of exercise of the Participants, cancelling the Share Options that have not yet been exercised by the Participants, handling the inheritance of the Participants that have not yet been exercised by the Participants who have deceased, and terminating the Scheme; in accordance with the provisions of the Scheme, in the event of special circumstances such as resignation, retirement, or death of the Participants, the Board shall handle the Share Options that have not yet been exercised by the Participants and decide whether to recover the proceeds from the exercise of the Share Options by the Participants; except for matters that need to be reviewed by the Shareholders' meeting in accordance with laws, regulations and the provisions of the Scheme;
9. authorise the Board to manage and adjust the Scheme and, subject to the terms of the Scheme, to formulate or amend the management and implementation regulations of the Scheme from time to time. However, if laws, regulations or relevant regulatory authorities require such amendments to be approved by the Shareholders' meeting and/or relevant regulatory authorities, the Board shall not implement the amendments until such amendments have been approved accordingly;
10. authorise the Board to sign, execute, amend and terminate any agreements related to the Scheme;
11. authorise the Board to appoint financial advisors, beneficiary banks, accountants, lawyers, securities companies and other intermediaries for the implementation of the Scheme;
12. authorise the Board to carry out other necessary matters required by the Scheme, except for the rights that are expressly required to be exercised by the Shareholders' meeting as stipulated in the relevant documents;

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13. authorise the Board to handle the approval, registration, filing, ratification, and consent procedures for the Scheme with relevant governments and institutions; sign, execute, amend, and complete documents submitted to relevant governments, institutions, organizations, and individuals; amend the Articles of Association and handle the change registration of the Company's registered capital; and take all actions it deems necessary, appropriate, or suitable in connection with the Scheme; and
14. propose at the EGM to approve that the duration of authorisation to the Board shall be the Validity Period of the Scheme.

D. IMPLICATIONS UNDER LISTING RULES

The Scheme constitutes a share option scheme under Chapter 17 of the Listing Rules. Therefore, pursuant to Rule 14A.92(3)(a) of the Listing Rules, the grant of the Share Options to any Participants who are connected persons of the Company under the Scheme is fully exempted from reporting, announcement and independent Shareholders' approval requirement.

The Exercise Price of the Share Options to be granted under the Proposed Grant shall be RMB15.35 per Share, and shall not be lower than the nominal amount of the Shares and not lower than the higher of the following:

1. the average trading price of the A Share (i.e. RMB15.35 per share) on the trading day preceding the date of the A Share Announcement; and
2. the average trading price of the A Share (i.e. RMB14.75 per share) for 120 trading days preceding the date of the A Share Announcement.

During the period between the date of the A Share Announcement and the date of completion of exercising the Share Options by the Participants, in the event of any issues such as capitalisation issue, distribution of share bonus, sub-division or consolidation of the Shares, rights issue, or declaration of dividends of the Company, the Exercise Price of the Share Options shall be adjusted accordingly.

According to Rule 17.03(13) of the Listing Rules, a scheme document must include a provision for adjustment of the exercise price and/or the number of shares subject to options or awards granted under the scheme in the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital. In addition to the events of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital, the exercise price of the Share Options shall also be adjusted in the event of distribution of dividend (the "**Adjustment for Dividend Distribution**") under the Scheme. For details of the determination of the exercise price and number of shares under the Scheme, please refer to the section headed "I. Method and Procedures of Adjustment to the Number and Exercise Price of the Share Options" in Appendix I to this circular.

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According to the requirements of Rule 17.03E of the Listing Rules, the Exercise Price shall be at least the higher of: (i) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the Date of Grant, which must be a business day; and (ii) the average closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet for the five business days immediately preceding the Date of Grant.

The Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 17.03(13) and 17.03E of the Listing Rules, on the following grounds:

Rule 17.03(13) of the Listing Rules

1. as confirmed by the Company's PRC legal advisers, the proposed terms of the Scheme, including the provision of Adjustment for Dividend Distribution, are prepared in accordance with the relevant laws and regulations of the PRC, including the Administrative Measures promulgated by the CSRC;
2. the total number of Shares proposed to be issued under the Scheme is 6,850,000 A Shares, representing only approximately 1.00% of the total issued share capital (excluding treasury shares) and approximately 1.22% of the total issued A Shares of the Company (excluding treasury shares) as of the date of the application for the waiver and the Latest Practicable Date. As such, the issue of A Shares under the Scheme will not have a material dilutive effect on the Shares;
3. the proposed adoption of the Scheme will be subject to the approval of the Shareholders at the EGM whereby both the holders of the A Shares and H Shares will all have the opportunity to fully consider and evaluate the principal terms of the Scheme, including the provisions of Adjustment for Dividend Distribution and thus the interests of the Shareholders (including holders of H Shares) will not be prejudiced; and
4. it is customary and in line with A share market practice that provisions of Adjustment for Dividend Distribution are included in share option schemes involving A share.

Rule 17.03E of the Listing Rules

1. in compliance with Rule 19A.39C of the Listing Rules:
 - (a) the underlying Shares relating to the Share Options to be granted under the Scheme involve A Shares only, which are shares listed on the Shanghai Stock Exchange and are not listed on the Hong Kong Stock Exchange; and

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- (b) the Scheme contains provisions to ensure that the Exercise Price will not be lower than the prevailing market price of the A Shares. Rule 17.03E and Rule 19A.39C of the Listing Rules in essence require the exercise price of share options to be no less than the prevailing market prices. According to the provisions of the Scheme, the Exercise Price will not be lower than the average trading price of the A Share on the trading day preceding the date of the A Share Announcement and the average trading price of the A Share for 120 trading days preceding the date of the A Share Announcement, which represent the prevailing market price of the A Shares and do not contradict with the spirit of Rule 19A.39C, and thus it can be ensured that the Exercise Price will not be lower than the prevailing market price of the A Shares;
2. as advised by the Company's PRC legal advisers, the determination of the Exercise Price (representing the average trading price of the A Share on the trading day preceding the date of the A Share Announcement and on the average trading price of the A Share for 120 trading days preceding the date of the A Share Announcement of the Share Options) complies with applicable laws and regulations of the PRC; and
3. a summary of the Scheme, which includes the determination of the Exercise Price, will be set out in the Scheme Announcement and/or the circular of the Company. As such, Shareholders (including the H Shareholders) and potential investors on H Shares are provided with sufficient information to make an informed assessment on voting on the resolution in relation to the adoption of the Scheme and the Proposed Grant. Furthermore, the full text of the Scheme will be published on the websites of the Hong Kong Stock Exchange and Shanghai Stock Exchange. Shareholders and potential investors can access them for free any time. The Company will disclose details of the grant, exercise, lapse of the Share Options and the Exercise Price by way of announcement(s) or in the interim or annual report(s) as and when required under the Listing Rules. Therefore, Shareholders and potential investors will be regularly informed of the latest progress and development.

For details of the determination of the Exercise Price under the Scheme, please refer to the paragraph headed "E. Exercise Price of the Share Options and Basis of Determination" in Appendix I to this circular.

No Director is and will be the trustee of the Scheme, and no Director has any direct or indirect interest in the trustee(s).

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II. PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE A SHARES AND/OR H SHARES OF THE COMPANY

A. EXISTING GENERAL MANDATES

At the AGM, the Shareholders approved, among other things, (i) a special resolution to grant to the Directors the Existing H Share General Mandate to allot, issue and deal with H Shares of up to 20% of the number of the H Shares in issue of the Company, or securities, options, warrants which may be converted into such Shares or the similar rights which could subscribe for the H Shares of the Company as at the date of passing the relevant resolution at the AGM (being 20,000,000 H Shares); and (ii) a special resolution to grant to the Directors the Existing A Share General Mandate to issue A Shares, under simplified procedure, to specific targets with a total financing amount not exceeding RMB300 million and not exceeding 20% of the net assets at the end of the most recent financial year and the number of shares issued will not exceed 20% of the number of A Shares in issue at the time of AGM.

Reference is made to the announcements of the Company dated June 4, 2025 and June 12, 2025 in relation to the June Placing. On June 4, 2025, the Company entered into a placing agreement in relation to the placing of 20,000,000 new H Shares at the placing price of HK\$6.00 each to not less than six placees under the Existing H Share General Mandate, which was completed on June 12, 2025. Upon completion of the June Placing, the Existing H Share General Mandate has been fully utilised.

As at the Latest Practicable Date, the Existing A Share General Mandate has not been utilised.

As at the Latest Practicable Date, the Company had not refreshed the Existing General Mandates since the AGM. As at the Latest Practicable Date, there are 2,375,000 outstanding share options granted by the Company under the 2023 Share Option Incentive Scheme, and 2,375,000 A Shares are available for issue under such share options; where such outstanding share options are exercised, the relevant Shares will not be issued under the Existing A Share General Mandate nor the New General Mandate (if granted). Save for the foregoing, the Company has no other outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Shares.

B. PROPOSED GRANT OF THE NEW GENERAL MANDATE

Taking into consideration (i) the Group's needs for business development and opportunities; (ii) the needs for optimising the capital structure and financial robustness of the Group; and (iii) that the Existing H Share General Mandate has been fully utilised, the Company proposes the special resolution to the Independent Shareholders that the New

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General Mandate be granted to replace the Existing General Mandates, such that no Shares will thereafter be issuable under the Existing General Mandates. The particulars of the specific authorisation are as follows:

- (a) To generally and unconditionally authorize the Board to allot, issue and deal with the A Shares and/or H Shares or securities which may be converted into such Shares, options, warrants or similar rights to subscribe for any A shares and/or H Shares (“**Similar Rights**”), and to determine the terms and conditions for the allotment, issuance and disposal of new Shares or Similar Rights including but not limited to the following terms:
 - 1. class and number of the new Shares to be issued;
 - 2. pricing mechanism and/or issue price of the new Shares (including price range);
 - 3. the starting and closing dates of such issue;
 - 4. class and number of the new Shares to be issued to existing Shareholders; and/or
 - 5. the making or granting of offers, agreements, options, convertible rights or other relevant rights which might require the exercise of such powers.
- (b) The number of the A Shares or H Shares (excluding the Shares issued by way of the conversion of capital reserve into share capital) to be allotted, issued and dealt with (whether pursuant to a share option or otherwise) determined by the Board in accordance with the New General Mandate shall not exceed 20% of the total number of Shares in issue (excluding any treasury shares) at the time when this resolution is passed at the EGM.
- (c) To authorize the Board to obtain approvals from all relevant government departments and/or regulatory authorities (if applicable) in accordance with the applicable laws (including but not limited to the Company Law, the Shanghai Listing Rules, the Listing Rules) to exercise the New General Mandate.
- (d) To authorize the Board to approve, execute, modify and do or procure to execute and do, all such documents, agreements, deeds and things as it may consider related to the allotment, issuance and disposal of any new Shares under the New General Mandate, handle the necessary procedures and take other necessary actions.
- (e) To authorize the Board to engage intermediaries for the issuance of A Shares or H Shares, approve and execute all acts, documents, and other matters required for or related to the issuance of A Shares or H Shares, and review, approve, and execute on behalf of the Company all agreements in connection with the issuance

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of A Shares or H Shares, including but not limited to subscription agreements, placement agreements, underwriting agreements, and engagement agreements with intermediaries.

- (f) Where the Board has, during the effective period of the mandate referred to in this resolution, determined to allot, issue and deal with the Shares or Similar Rights, and the Company also has, during the effective period of the mandate, obtained the relevant approval, permission from, or registration (if applicable) with the regulatory authorities, the Board may, during the effective period of such approval, permission or registration, complete the relevant allotment, issuance and disposal and other works.
- (g) To authorize the Board, after the completion of allocation and issuance of the new Shares, to increase the registered capital of the Company and make appropriate and necessary amendments to the Articles of Association in accordance with the way, class and number of the allotment and issuance of new Shares of the Company and the actual shareholding structure of the Company upon completion of the allotment and issuance of new Shares.
- (h) To authorize the Board to review and execute on behalf of the Company all statutory documents to be submitted to relevant regulatory authorities in connection with the share issuance, complete all required approval procedures in compliance with the requirements of regulatory authorities and the Shanghai Listing Rules and the Listing Rules, and complete all necessary filing, registration and record with relevant government authorities in Hong Kong and/or any other regions or jurisdictions (where applicable).
- (i) The exercise of the New General Mandate by the Board shall comply with all applicable laws, regulations and rules including but not limited to the Company Law, Securities Law, Listing Rules, and those of any other government or regulatory authority.
- (j) The effective period of the New General Mandate shall commence from the date when it is approved at the EGM to the earliest of the following dates:
 - 1. the conclusion of the Company's next annual general meeting to be held in 2026; or
 - 2. the revocation or variation of the New General Mandate granted to the Board under this resolution passed by the Shareholders at the general meeting of the Company.

As at the Latest Practicable Date, the total number of issued Shares (excluding treasury shares) of the Company is 682,996,503 Shares comprising 562,996,503 A Shares and 120,000,000 H Shares. Subject to the approval of the grant of the New General Mandate at the EGM and on the basis that there are no changes in the issued share capital of the Company from the date of this circular and up to the date of the EGM, the Board will

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be authorised to issue up to 136,599,300 new Shares at the EGM, representing approximately 20.00% of the issued share capital of the Company (excluding treasury shares) as at the date of the EGM.

C. REASONS FOR THE GRANT OF THE NEW GENERAL MANDATE

The Group is principally engaged in the production and sale of lithium iron phosphate cathode materials and automotive specialty chemicals.

During the period from the date of grant of the Existing General Mandates to the Latest Practicable Date, the Existing H Share General Mandate (i.e. 20,000,000 H Shares) has been fully utilised as a result of the June Placing.

As the next annual general meeting of the Company will not be held until around May 2026 (the “**2026 AGM**”), the Company will not have the flexibility to optimise the capital structure and financial robustness of the Group, nor, if any appropriate fund raising opportunity with attractive terms arises before the 2026 AGM, to promptly meet business development and funding needs and seize fundraising and investment opportunities as illustrated below for about five months. Given the current economic and market conditions, the Company believes that the grant of the New General Mandate is fair and reasonable and in the interest of the Company and the Shareholders as a whole to allow the Company to have the option to expeditiously raise funds if suitable business opportunities are available.

1. Increased capital requirements arising from business development

(a) The lithium iron phosphate market maintains strong momentum.

Since 2025, the lithium battery market has maintained a positive prospect, with the industry experiencing robust order volumes. In the first half of 2025, in the power market, the installed capacity of lithium iron phosphate power battery has reached 81.4%. In the energy storage sector, new energy storage projects recorded a total bid-winning capacity of 189.8GWh, representing a year-on-year increase of 181.6%. Driven by the high demand of power battery and energy storage battery, the demand for lithium iron phosphate material has surged. In the first half of 2025, the shipment of lithium iron phosphate material in the PRC is 1.61 million tons, with a year-on-year increase of 68%. In the third quarter of 2025, the lithium battery industry continued the positive momentum seen in the second quarter, with battery manufacturers ramping up production to new highs and leading battery companies maintaining high capacity utilization rates.

(b) Urgent need for capacity expansion of high-voltage lithium iron phosphate products

In addition to the overall industry prosperity driven by rapid market growth, as new energy vehicles place higher requirements on charging speed and driving range, and energy storage systems pursue greater capacity, longer cycle life and higher safety, the demand for high-voltage lithium iron phosphate products,

including fourth-generation lithium iron phosphate, has increased substantially, resulting in a significant supply gap. This, in turn, has imposed higher requirements for capacity upgrades among lithium iron phosphate cathode material manufacturers.

(c) Robust overseas demand for production capacity

Overseas markets are currently undergoing a transition from ternary lithium batteries to lithium iron phosphate batteries. International automobile manufacturers such as Ford, General Motors, Stellantis and Renault have announced plans to convert the majority of their vehicle models to lithium iron phosphate batteries, which is expected to result in a substantial increase in the penetration rate of lithium iron phosphate batteries. Meanwhile, overseas demand for energy storage remains robust, particularly driven by the rapid expansion of artificial intelligence and data centres, which is expected to significantly stimulate demand for large-scale commercial energy storage systems and, consequently, lithium iron phosphate cathode materials.

At present, aside from the Group, there are no large-scale lithium iron phosphate cathode material production bases in operation overseas. Accordingly, the Group must therefore leverage its first-mover advantage to further expand its overseas production capacity and strengthen its competitive position in the international market.

(d) Increased demand for production capacity expansion and working capital to support business growth

With the rapid development of the lithium iron phosphate market, demand for the Group's products from its major customers continues to grow. In December 2024, the Group signed an agreement with LG Energy Solution, Ltd. to sell a total of 260,000 tons of lithium iron phosphate cathode materials from 2024 to 2028. In January 2025, the Group entered into an agreement with Blue Oval Battery Park, Michigan to sell lithium iron phosphate cathode materials to the group from 2026 to 2030. In May 2025 and November 2025, the Group signed agreements with several subsidiaries of Chu Neng New Energy Co., Ltd. (楚能新能源股份有限公司) to sell a total of 1,300,000 tons of lithium iron phosphate cathode materials from 2025 to 2030. In June 2025, the Group entered into an agreement with Eve Energy Malaysia Sdn. Bhd. to sell a total of 152,000 tons of lithium iron phosphate cathode materials from 2026 to 2030. In September 2025, the Group entered into an agreement with Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司) to sell a total of 157,500 tons of lithium iron phosphate cathode materials to its overseas factories from the second quarter of 2026 to 2031. In December 2025, the Group signed an agreement with Sunwoda Automotive Energy Technology (Thailand) Co., Ltd. to sell a total of 106,800 tons of lithium iron phosphate cathode materials from 2026 to 2030.

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The Group's current production capacity of the plants in the PRC is approximately 247,500 tons per year. The Group's current production capacity of the plants in Indonesia is approximately 30,000 tons per year, with an additional production capacity of approximately 90,000 tons per year under construction, after which the Group's annual production capacity of the plants in Indonesia is expected to reach approximately 120,000 tons. However, taking into account the rapid development of the lithium iron phosphate market and the growing demand for the Group's products from its major customers, including the abovementioned agreements entered into between the Group and LG Energy Solution, Ltd., Blue Oval Battery Park, Michigan, Chu Neng New Energy Co., Ltd. (楚能新能源股份有限公司), Eve Energy Malaysia Sdn. Bhd., Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司) and Sunwoda Automotive Energy Technology (Thailand) Co., Ltd., and that the Group is currently the only overseas manufacturer operating large-scale plant for lithium iron phosphate cathode materials, it is expected that the Group may expand its production capacity to meet the growing demand for the Group's products from its major customers.

Meanwhile, as downstream battery manufacturers have raised their requirements for the supporting supply of high-performance lithium iron phosphate products, the Group needs to expand its production capacity for such high-performance products to satisfy the demand from its downstream customers. Consequently, the rapid growth of the Group's business and orders, coupled with the demand from downstream customers, has generated increased funding needs for the Group's capacity expansion and daily operations.

2. Alternative financing method considering the Group's financial position and capital structure

The Proposed Refreshment of General Mandate represents an appropriate alternative financing method to raise funds to meet the Group's financial requirements and development needs, taking into account the Group's financial position and capital structure.

As at September 30, 2025, the Group's total assets were approximately RMB18.438 billion, total liabilities were approximately RMB14.611 billion, asset-liability ratio was approximately 79.24%, and the balance of interest-bearing liabilities was approximately RMB8.420 billion. The Group's asset-liability ratio and borrowing amount are at relatively high levels. As at September 30, 2025, the Group had (i) cash and bank equivalents (current and non-current assets combined) of approximately RMB3.102 billion, and approximately RMB478 million of restricted cash held for specific usage and not deployable; (ii) current liabilities comprising trade and note payables and other payables amounted to approximately RMB2.178 billion, with approximately RMB2.044 billion of trade and notes payables due within one year from September 30, 2025; and (iii) interest-bearing bank and other borrowings of approximately RMB8.42 billion, of which approximately RMB5.80 billion would be

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due within one year from September 30, 2025. With the continuous expansion of the Group's business scale and production capacity layout, the Group requires substantial capital input and working capital.

With the grant of the New General Mandate, when financing needs arise, the Group can have the flexibility to expeditiously raise funds by issuing Shares under the New General Mandate under appropriate circumstances as an appropriate alternative to other financing methods below:

- (a) in light of the relatively high levels of asset-liability ratio and borrowing amount as illustrated above, debt financing may increase the interest burden, financial risks and liquidity risks of the Group, thereby adversely affecting its financial position and capital structure. Also, debt financing may be subject to lengthy processes for due diligence and negotiation, provision of security, and less favourable terms as compared with equity financing;
- (b) although pre-emptive financing methods, such as rights issue and open offer, allow existing Shareholders to subscribe for their entitlements and maintain their respective shareholding interests in the Company, such methods may involve substantial completion time as compared to the issuance of new Shares under the New General Mandate. Further, financial burden may be imposed on the existing Shareholders in uncertain market conditions and the ultimate fund-raising size could not be assured by the Company if conducted on a non-underwritten basis; or if on an underwritten basis, the underwriting commission will be an additional financial burden on the Group; and
- (c) as compared to equity financing by issuance of new Shares under the New General Mandate, issuing Shares under specific mandate would also be subject to higher time costs with processes involving finalisation of fundraising plan, preparation, printing and despatch of the relevant circular and any other required documents, as well as the holding and convening of extraordinary general meeting on each occasion of issue.

The grant of the New General Mandate would therefore allow the Company to have greater financing flexibility to meet the Group's funding needs and financial requirements by providing a more efficient and cost effective option of equity financing by issuance of new Shares with relatively lower financial risks and burden, especially when taking into account the financial position and capital structure of the Group.

3. Previously raised funds with specific purposes not intended for providing further support for the Group's future development

Due to the rapid expansion of the Group's business scale, the demand for capital input and operating capital has been increasing. In order to meet the growing capital needs, the Group has also carried out a number of financing activities. However, the previously raised funds are intended to be applied towards certain specific uses of proceeds.

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The proceeds raised from the Company's listing on the Main Board of the Stock Exchange were primarily allocated for expenditures relating to the Phase II development of the Indonesia plant and the new LMFP production line at the Xiangyang plant in Hubei Province. The Company's proposed issuance of A shares to specific target (details of which are set out in the circular published by the Company on 29 August 2025) is primarily intended to use for construction of high-performance phosphate iron-based positive electrode material project to address the surging demand from downstream customers for high-performance phosphate iron-based positive electrode products. The review and approval process for A Share refinancing is also relatively lengthy and therefore cannot satisfy the Group's short-term funding needs.

After taking into account the previously raised funds which are intended to be applied towards certain specific purposes, the proceeds from previous fundraising activities that can be used for general purposes and working capital may not fully meet the funding needs arising from the Group's rapid business expansion, and thus the Group may require further capital in order to support its further development needs.

The Proposed Refreshment of General Mandate is proposed by the Company with specific timing of financing depending on the economic and market conditions from time to time. Given the volatile nature of market performance and economic conditions and the time required to complete the relevant approval procedures for exercising the New General Mandate, the Company believes that the grant of the New General Mandate is fair and reasonable and in the interest of the Company and the Shareholders as a whole to allow the Company to have the option to expeditiously raise funds to timely grasp suitable business opportunities when they arise and to optimise the capital structure and financial robustness of the Group.

As at the Latest Practicable Date, save as disclosed herein, the Company has not entered into any agreement, arrangement, understanding or undertaking in respect of any proposed issue of new Shares under the New General Mandate.

D. FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

During the past 12 months immediately prior to the Latest Practicable Date, the Company was listed on the Main Board of the Stock Exchange on October 30, 2024. The net proceeds from the Global Offering amounted to approximately HKD495.0 million and a gross proceeds of approximately HKD550.0 million. The Company intends to use the net proceeds in the same manner and proportion as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus and as of the Latest Practicable Date, there has been no change in the intended use of the net proceeds and the expected timeline.

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Reference is made to the announcements of the Company dated December 20, 2024 and February 10, 2025 and the circular of the Company dated January 8, 2025. On December 20, 2024, the Company, LBM New Energy (AP) Pte. Ltd. (“**LBM**”) (an indirect non-wholly owned subsidiary of the Company), Changzhou Liyuan New Energy Technology Co., Ltd. (常州鋰源新能源科技有限公司) (“**Changzhou Liyuan**”), PT Akasya Investasi Indonesia and Aisis Alliance L.P. entered in a subscription agreement, pursuant to which PT Akasya Investasi Indonesia and Aisis Alliance L.P. conditionally agreed to subscribe for the shares of LBM, representing approximately 34.01% and 11.34% of the enlarged share capital of LBM upon completion at the subscription price of USD150,000,000 and USD50,000,000 respectively. The subscription has been completed on February 10, 2025. LBM shall apply no less than 85% of the proceeds of the subscription for the capital and operational expenses for the development of the Indonesia Phase 2 Plant, with funds to be gradually utilized in accordance with the progress of its development. Provided that the funding required for the development of the Indonesia Phase 2 Plant remains unaffected, such proceeds may also be utilized for the operational expenses incurred in the ordinary course of business of the Indonesia Phase 1 Plant and/or the operational expenses incurred in the ordinary course of business of LBM but in any event such utilization of the proceeds shall not exceed 15% of the total proceeds from the subscription. As of the Latest Practicable Date, part of the proceeds from the subscription has been utilised. Furthermore, as of the Latest Practicable Date, the Company has no intention to change its intended use of the proceeds from the subscription. Details of the utilisation of the proceeds as at the Latest Practicable Date are as follows:

Intended purpose	Proceeds allocated for intended purpose	Utilised proceeds as at the Latest Practicable Date (approximate %)	Unutilised proceeds as at the Latest Practicable Date (approximate %)	Expected timeline of utilising the remaining proceeds
Capital and operational expenses for the development of the Indonesia Phase 2 Plant	No less than 85%, i.e. USD170,000,000	Approximately USD39,350,000 (19.68%)	Approximately USD130,650,000 (65.33%)	By the end of 2026
(Provided that the funding required for the development of the Indonesia Phase 2 Plant remains unaffected)	Not exceeding 15%, i.e. USD30,000,000	Approximately USD7,320,000 (3.66%)	Approximately USD22,680,000 (11.34%)	By the end of 2026
operational expenses incurred in the ordinary course of business of the Indonesia Phase 1 Plant and/or the operational expenses incurred in the ordinary course of business of LBM				

Reference is made to the announcement of the Company dated February 21, 2025 and circular of the Company dated March 27, 2025. On February 21, 2025, LBM, PT LBM Energi Baru Indonesia (“**PT LBM**”) (an indirect non-wholly owned subsidiary of the Company) and LG Energy Solution, Ltd. (“**LG**”) entered into a subscription agreement and the shareholders agreement; and the Company, Changzhou Liyuan, LBM, PT LBM and LG entered into a side letter agreement. Under the subscription agreement, at the closing, PT

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LBM shall issue to LG, and LG shall subscribe for a total of 255,930.64 newly issued shares of PT LBM for an aggregate subscription price of USD15,970,911.12, which upon issuance will collectively represent 20% of the issued and outstanding share capital of PT LBM on a fully diluted basis. It was originally intended that PT LBM should apply approximately half of the proceeds from the subscription for the settlement of the final payment to the contractors for the construction of the Indonesia Phase 1 Plant, and the remaining half for the purchase of relevant facilities and equipment for the operation of the Indonesia Phase 1 Plant. The closing of the subscription took place on August 11, 2025. Due to the timing of receipt of funds from LG, certain payments for construction and purchase of facilities and equipment had been due and payable before the proceeds from the subscription were available for use, and thus they were settled by the Group's own funds. As such, the proportion of proceeds from the subscription allocated for the respective intended purposes has been revised to apply the proceeds towards the same intended purposes, i.e. construction and purchase of facilities and equipment of the Indonesia Phase 1 Plant, according to the relevant payment needs and schedule from time to time after the proceeds from the subscription became available for use. Details of the allocation and utilisation of the proceeds as at the Latest Practicable Date are as follows:

Intended purpose	Proceeds originally allocated for intended purpose (approximate %)	Revised allocation of proceeds for intended purpose (approximate %)	Utilised proceeds as at the Latest Practicable Date (approximate %)	Unutilised proceeds as at the Latest Practicable Date (approximate %)	Expected timeline of utilising the remaining proceeds
Settlement of the final payment to the contractors for the construction of the Indonesia Phase 1 Plant	Approximately USD7,985,455.56 (50%)	Approximately USD3,070,000 (19.22%)	Approximately USD311,000 (1.95%)	Approximately USD2,759,000 (17.27%)	By the end of the second quarter of 2026
Purchase of relevant facilities and equipment for the operation of the Indonesia Phase 1 Plant	Approximately USD7,985,455.56 (50%)	Approximately USD12,901,000 (80.78%)	Approximately USD8,235,000 (51.56%)	Approximately USD4,666,000 (29.22%)	By the end of the second quarter of 2026

Reference is made to the announcements of the Company dated June 4, 2025 and June 12, 2025 in relation to the June Placing. On June 4, 2025, the Company entered into the placing agreement with the placing agent, pursuant to which the Company has agreed to appoint the placing agent, and the placing agent has conditionally agreed, as the Company's placing agent, to procure, on a best effort basis, not less than six placees, who are and whose ultimate beneficial owners are third parties independent of and not connected (as defined under the Listing Rules) with the Company and its connected person(s), to purchase up to an aggregate of 20,000,000 new H Shares at the placing price of HK\$6.00 per H Shares. Completion of the June Placing took place on June 12, 2025 in accordance with the terms and conditions of the placing agreement. The net proceeds of approximately HK\$116.89 million from the June Placing are intended to be used for (i) general working capital and repaying the Group's outstanding debts; and (ii) transformation of the low conductivity coolant production line. It was intended that the proceeds would be fully utilised by the end of 2025, among which approximately 17.11% of the proceeds is intended to be used for the transformation of the low conductivity coolant production line ("**Production Line Transformation**"). Due to extra time incurred for more cautious and prepared initial planning and equipment selection, the implementation of the Production

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Line Transformation was delayed, which affected the timing of utilisation of such proportion of the proceeds. Saved as the aforesaid delay in expected timeline, as of the Latest Practicable Date, there are no other changes in the use of proceeds, and the Company has no intention to change its intended use of the proceeds from the subscription. Details of the utilisation of the proceeds as at the Latest Practicable Date are as follows:

Intended purpose	Proceeds allocated for intended purpose (approximate %)	Utilised proceeds as at the Latest Practicable Date (approximate %)	Unutilised proceeds as at the Latest Practicable Date (approximate %)	Expected timeline of utilising the remaining proceeds
General working capital	HK\$56,890,000 (48.67%)	HK\$56,890,000 (48.67%)	—	Fully utilised
— Purchase of raw materials, including base oil, ethylene glycol and urea, etc.	HK\$40,000,000 (34.22%)	HK\$40,000,000 (34.22%)	—	Fully utilised
— Staff wages and compensation	HK\$15,000,000 (12.83%)	HK\$15,000,000 (12.83%)	—	Fully utilised
— Utilities and taxes	HK\$1,890,000 (1.62%)	HK\$1,890,000 (1.62%)	—	Fully utilised
Repaying the Group's outstanding debts	HK\$40,000,000 (34.22%)	HK\$40,000,000 (34.22%)	—	Fully utilised
Transformation of the low conductivity coolant production line	HK\$20,000,000 (17.11%)	Approximately HK\$1,610,800 (1.38%)	Approximately HK\$18,389,200 (15.73%)	By the end of the second quarter of 2026

Reference is made to the circular of the Company dated August 29, 2025 in relation to the issuance of not more than 205,523,670 A Shares by the Company to not more than 35 specific target subscribers under the specific mandate which was approved by the Shareholders on September 17, 2025. The issuance of A Shares shall be carried out at an appropriate time within the validity period of the approval of the CSRC on the consent for registration after review and approval by the Shanghai Stock Exchange, and the resolution for the issuance of A Shares to specific target shall be valid for a period of 12 months, commencing from the date on which the relevant proposals were considered and approved by the Shareholders on September 17, 2025. The proceeds from such issuance of A Shares shall be no more than RMB2.0 billion, and will be entirely used for construction of high-performance phosphate iron-based positive electrode material (磷酸鹽型正極材料) project and general working capital. After the relevant approval is obtained from the CSRC and the progress for the issuance of A Share commences, the potential subscribers will be identified, and the final subscribers will be determined subsequently. As at the Latest Practicable Date, application has been made to and is under consideration by the Shanghai Stock Exchange. During the review process, the Shanghai Stock Exchange may request provision of supplementary documents for consideration. Further announcements will be made by the Company as and when required under the Listing Rules and the Shanghai Listing Rules. As at the Latest Practicable Date, the Company has not carried out any issuance of A Shares under the specific mandate and has not identified any potential subscribers nor entered into any agreement with any potential subscriber in relation to such issuance of A Shares, and the Company has no intention to change its intended use of proceeds to be raised from such issuance of A Shares.

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Save for the above, the Company had not conducted any other fund raising exercise by issuing equity securities in the past 12 months immediately before the Latest Practicable Date.

E. POTENTIAL DILUTION TO SHAREHOLDINGS OF THE SHAREHOLDERS

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full utilisation of the New General Mandate (assuming that there is no change in the total number of issued Shares from the Latest Practicable Date up to the date of the full utilisation of the New General Mandate), for illustrative and reference purpose:

	As at the Latest Practicable Date			Immediately after the full utilisation of the New General Mandate		
	Approximate			Approximate		
	No. of	% of the	Approximate	No. of	% of the	Approximate
	Shares	relevant	% of the	Shares	relevant	% of the
		class of	total issued		class of	total issued
		Shares ¹	Shares ¹		Shares ¹	Shares ¹
<i>Assuming only A Shares are issued pursuant to the New General Mandate</i>						
A Shares						
<i>Non-public shareholders</i>						
SHI Junfeng ²	212,662,195	37.77	31.14	212,662,195	30.40	25.95
ZHU Xianglan ²	23,618,649	4.20	3.46	23,618,649	3.38	2.88
Nanjing Bailey Venture Capital Center (Limited Partnership) ²	1,901,208	0.34	0.28	1,901,208	0.27	0.23
LU Zhenya ³	241,988	0.04	0.04	241,988	0.03	0.03
QIN Jian ³	230,832	0.04	0.03	230,832	0.03	0.03
SHEN Zhiyong ³	218,112	0.04	0.03	218,112	0.03	0.03
ZHANG Yi ³	195,792	0.03	0.03	195,792	0.03	0.02
XU Suxia ³	33,056	0.01	0.00	33,056	0.00	0.00
Total number of A Shares held by the non-public shareholders	239,101,832	42.47	35.01	239,101,832	34.18	29.17
<i>Public shareholders</i>						
Other shareholders of A Shares	323,894,671	57.53	47.42	460,493,971	65.82	56.19
Total number of A Shares held by the public shareholders	323,894,671	57.53	47.42	460,493,971	65.82	56.19
Total number of A Shares (excluding the 2,082,400 A Shares held by the Company as treasury shares)¹	562,996,503	100.00	82.43	699,595,803	100.00	85.36

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	As at the Latest Practicable Date			Immediately after the full utilisation of the New General Mandate		
	Approximate			Approximate		
	No. of	% of the	Approximate	No. of	% of the	Approximate
	Shares	relevant	% of the	Shares	relevant	% of the
		class of	total issued		class of	total issued
		Shares ¹	Shares ¹		Shares ¹	Shares ¹
H Shares						
<i>Public shareholders</i>						
Shareholders of H Shares	120,000,000	100.00	17.57	120,000,000	100.00	14.64
Total number of H Shares	120,000,000	100.00	17.57	120,000,000	100.00	14.64
Total number of Shares held by the existing public shareholders of A Shares and H Shares						
	443,894,671	—	64.99	443,894,671	—	54.16
Total number of Shares held by all public shareholders of A Shares and H Shares						
	443,894,671	—	64.99	580,493,971	—	70.83
Total issued Shares (excluding the 2,082,400 A Shares held by the Company as treasury shares)¹						
	682,996,503	—	100.00	819,595,803	—	100.00
<i>Assuming only H Shares are issued pursuant to the New General Mandate</i>						
A Shares						
<i>Non-public shareholders</i>						
SHI Junfeng ²	212,662,195	37.77	31.14	212,662,195	37.77	25.95
ZHU Xianglan ²	23,618,649	4.20	3.46	23,618,649	4.20	2.88
Nanjing Bailey Venture Capital Center (Limited Partnership) ²	1,901,208	0.34	0.28	1,901,208	0.34	0.23
LU Zhenya ³	241,988	0.04	0.04	241,988	0.04	0.03
QIN Jian ³	230,832	0.04	0.03	230,832	0.04	0.03
SHEN Zhiyong ³	218,112	0.04	0.03	218,112	0.04	0.03
ZHANG Yi ³	195,792	0.03	0.03	195,792	0.03	0.02
XU Suxia ³	33,056	0.01	0.00	33,056	0.01	0.00
Total number of A Shares held by the non-public shareholders						
	239,101,832	42.47	35.01	239,101,832	42.47	29.17

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	As at the Latest Practicable Date			Immediately after the full utilisation of the New General Mandate		
	Approximate			Approximate		
	No. of	% of the	Approximate	No. of	% of the	Approximate
	Shares	relevant	% of the	Shares	relevant	% of the
		class of	total issued		class of	total issued
		Shares ¹	Shares ¹		Shares ¹	Shares ¹
Public shareholders						
Other shareholders of A Shares	323,894,671	57.53	47.42	323,894,671	57.53	39.52
Total number of A Shares held by the public shareholders	323,894,671	57.53	47.42	323,894,671	57.53	39.52
Total number of A Shares (excluding the 2,082,400 A Shares held by the Company as treasury shares)¹	562,996,503	100.00	82.43	562,996,503	100.00	68.69
H Shares						
Public shareholders						
Shareholders of H Shares	120,000,000	100.00	17.57	256,599,300	100.00	31.31
Total number of H Shares	120,000,000	100.00	17.57	256,599,300	100.00	31.31
Total number of Shares held by the existing public shareholders of A Shares and H Shares	443,894,671	—	64.99	443,894,671	—	54.16
Total number of Shares held by all public shareholders of A Shares and H Shares	443,894,671	—	64.99	580,493,971	—	70.83
Total issued Shares (excluding the 2,082,400 A Shares held by the Company as treasury shares)¹	682,996,503	—	100.00	819,595,803	—	100.00

Notes:

- The figures have not taken into account the 2,082,400 A Shares held by the Company as treasury shares at the Latest Practicable Date.
- Mr. SHI Junfeng (“**Mr. Shi**”) is the spouse of Ms. ZHU Xianglan (“**Ms. Zhu**”). Nanjing Bailey Venture Capital Center (Limited Partnership) (南京貝利創業投資中心(有限合夥)) (“**Nanjing Bailey**”) is a limited partnership established in the PRC, holding 1,901,208 A Shares, which is managed by Lopal International Holdings Co., Ltd. (龍蟠國際控股有限公司) (“**Lopal International**”) as its general partner. Lopal International is a limited company established in the PRC, which is owned as to 90% by Mr. Shi and 10% by Ms. Zhu. Mr. Shi, Ms. Zhu and Nanjing Bailey together hold 238,182,052 A Shares, representing approximately 34.87% and 29.06% of the total issued Shares (excluding treasury shares) at the Latest Practicable Date and immediately after the full utilisation of the New General Mandate, respectively.

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3. Each of Mr. LU Zhenya, Mr. QIN Jian, Mr. SHEN Zhiyong and Mr. ZHANG Yi is an executive director of the Company. Ms. XU Suxia is spouse of Mr. QIN Jian. Thus, each of Mr. LU Zhenya, Mr. QIN Jian, Mr. SHEN Zhiyong, Mr. ZHANG Yi and Ms. XU Suxia are core connected persons of the Company and are non-public shareholders.
4. The percentages may not add up to total due to rounding.

As illustrated in the table above, assuming that (i) the grant of the New General Mandate is approved at the EGM; and (ii) no Shares will be issued or repurchased by the Company from the Latest Practicable Date up to and including the date of the EGM, upon full utilisation of the New General Mandate, 136,599,300 new Shares can be issued, which represent approximately 20.00% of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date and approximately 16.67% of the issued share capital of the Company (excluding treasury shares) as enlarged by the issue of such new Shares.

The shareholding of the existing public Shareholders would be diluted from approximately 64.99% of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date to approximately 54.16% of the total number of issued Shares (excluding treasury shares) upon full utilisation of the New General Mandate.

Having considered the factors as set out in the paragraph headed “Reasons for the grant of the New General Mandate” above, the Directors are of the view that the aforesaid dilution impact on the shareholding of the existing public Shareholders is acceptable and the Proposed Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole.

F. LISTING RULES IMPLICATIONS

Pursuant to Rule 13.36(4) of the Listing Rules, the approval of the Proposed Refreshment of General Mandate will be subject to the Independent Shareholder’s approval at a general meeting of the Company. Any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour of the resolution to approve the Proposed Refreshment of General Mandate.

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As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, Mr. Shi (holding 212,662,195 A Shares, representing approximately 31.14% of the total issued Shares (excluding treasury shares)), Ms. Zhu (holding 23,618,649 A Shares, representing approximately 3.46% of the total issued Shares (excluding treasury shares)) and Nanjing Bailey (holding 1,901,208 A Shares, representing approximately 0.28% of the total issued Shares (excluding treasury shares)), all being controlling Shareholders (together holding 238,182,052 A Shares, representing approximately 34.87% of the total issued Shares (excluding treasury shares)), together with their associates (the “**Abstaining Shareholders relating to the New General Mandate**”) are required to abstain from voting in favour of the relevant resolution(s) to approve the Proposed Refreshment of General Mandate. As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors, save as disclosed herein, no other Shareholders are required to abstain from voting on the relevant resolution(s) to be proposed by the Company at the EGM.

G. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. LI Qingwen, Mr. YE Xin, Ms. GENG Chengxuan and Mr. HONG Kam Le, has been established to advise the Independent Shareholders on the Proposed Refreshment of General Mandate. Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Refreshment of General Mandate.

III. PROPOSED PROVISION OF FINANCIAL ASSISTANCE TO A CONTROLLED SUBSIDIARY

Reference is made to the overseas regulatory announcement of the Company dated December 9, 2025 in relation to, among others, the Proposed Provision of Financial Assistance to a Controlled Subsidiary.

The 45th meeting of the fourth session of the Board was held on December 8, 2025, at which the resolution in relation to the Proposed Provision of Financial Assistance to a Controlled Subsidiary (關於向控股子公司提供財務資助的議案) was considered and approved. To ensure the normal production and operation of Changzhou Liyuan, a direct non-wholly owned subsidiary of the Company which is owned as to approximately 66.42% by the Company as of the Latest Practicable Date, and the smooth implementation of its various investment projects, the Company proposed to provide Changzhou Liyuan with a loan facility of no more than RMB4 billion. The term of the loan shall not exceed three years, with the interest rate based on the one-year loan prime rate announced by the People’s Bank of China on the actual disbursement date with an upward adjustment not exceeding 150 basis points. Within the loan facility, Changzhou Liyuan may draw down relevant loans on a revolving basis.

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The principal terms of the financial assistance are as follows:

Method of financial assistance: Provision of interest-bearing loan

Funding limit: No more than RMB4 billion, within which loans may be drawn down on a revolving basis

Term: No more than three years

Interest rate: Based on the one-year loan prime rate announced by the People's Bank of China on the actual disbursement date with an upward adjustment not exceeding 150 basis points

Use of funds: For the daily production and operations of Changzhou Liyuan, as well as its various investment projects

Security: None

The financial assistance is provided to address the capital requirements arising from the business expansion of Changzhou Liyuan, and falls within the scope of the Company's normal operational needs. The Company possesses the capability to implement effective risk controls over Changzhou Liyuan's business, financial and capital management. Consequently, the financial assistance remains within a controllable risk range and will not have a material impact on the Company's daily operations.

The Board views that, considering Changzhou Liyuan's asset quality, short-term operational performance, industry outlook, debt repayment capacity, and credit standing, such financing can lower financing costs and reduce financial expenses. The financial assistance provided to Changzhou Liyuan primarily aims to support its business development, meet its working capital requirements, and satisfy its daily production and operational funding needs, aligning with the Company's overall interests. Subject to risk control, providing financial assistance to the controlled subsidiary will enhance the Company's overall capital utilization efficiency and reduce financial funding costs.

According to the Shanghai Listing Rules, the Proposed Provision of Financial Assistance to a Controlled Subsidiary is subject to the approval of the Shareholders at the EGM due to circumstances including Changzhou Liyuan's latest financial information indicating that its debt-to-asset ratio exceeds 70%, etc.

Since Changzhou Liyuan is not a connected person of the Company under Chapter 14A of the Listing Rules, the Provision of Financial Assistance to a Controlled Subsidiary does not constitute a connected transaction under Chapter 14A of the Listing Rules.

The resolution in relation to the Proposed Provision of Financial Assistance to a Controlled Subsidiary is subject to the approval of the Shareholders by way of an ordinary resolution at the EGM, and will become effective upon the approval by the Shareholders at the EGM.

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The amounts of registered capital contributed by, and the shareholding ratios of, each shareholder of Changzhou Liyuan as at the Latest Practicable Date are set out below:

Name of shareholders	Registered capital as at the Latest Practicable Date (RMB'0,000)	Shareholding ratio as at the Latest Practicable Date
Company	55,403.1398	66.4205%
Changzhou Youbeili Venture Capital Center (Limited Partnership) (常州優貝利創業投資 中心(有限合夥)) (“ Changzhou Youbeili ”)	3,500.0000	4.1960%
BTR New Material Group Co., Ltd. (貝特瑞新材料集團股份有限公司)	3,150.0000	3.7764%
Nanjing Jinbeili Venture Capital Center (Limited Partnership) (南京金貝利創業投資 中心(有限合夥)) (“ Nanjing Jinbeili ”)	1,750.0000	2.0980%
Nanjing Chaoli Venture Capital Center (Limited Partnership) (南京超利創業投資 中心(有限合夥))	700.0000	0.8392%
Changzhou Jintan Hongyuan Venture Capital Partnership (Limited Partnership) (常州金壇 泓遠創業投資合夥企業(有限合夥))	3,500.0000	4.1960%
Ningbo Meishan Baoshuigang District Wending Investment Co., Ltd. (寧波梅山保税港區問鼎 投資有限公司)	4,601.9531	5.5171%
Fujian Times Mindong New Energy Industry Equity Investment Partnership (Limited Partnership) (福建時代閩東新能源產業股權 投資合夥企業(有限合夥))	5,020.3125	6.0186%
Kunlun Gongrong Green (Beijing) New Industry Investment Fund Partnership (Limited Partnership) (昆侖工融綠色(北京)新興產業 投資基金合夥企業(有限合夥))	4,285.8091	5.1381%
Jianxin Financial Asset Investment Co., Ltd. (建信金融資產投資有限公司)	<u>1,501.5440</u>	<u>1.8001%</u>
Total	<u><u>83,412.7585</u></u>	<u><u>100.00%</u></u>

LETTER FROM THE BOARD

Mr. SHI Junfeng, an executive Director, owns 99.9% of Changzhou Youbeili, a shareholder of Changzhou Liyuan holding approximately 4.20% interest in Changzhou Liyuan as at the Latest Practicable Date. Mr. SHEN Zhiyong and Mr. ZHANG Yi, both executive Directors, respectively own 99% and 1% of Nanjing Jinbeili, a shareholder of Changzhou Liyuan holding approximately 2.10% interest in Changzhou Liyuan as at the Latest Practicable Date.

Executive Directors, Mr. SHI Junfeng, Mr. SHEN Zhiyong and Mr. ZHANG Yi, by virtue of their abovementioned interest in Changzhou Liyuan's shareholders (i.e. Changzhou Youbeili and Nanjing Jinbeili), and non-executive Director Ms. Zhu Xianglan, have abstained from voting on the relevant Board resolution in respect of considering and approving the Proposed Provision of Financial Assistance to a Controlled Subsidiary at the Board meeting. Save as disclosed above, none of the Directors has any material interest in the Proposed Provision of Financial Assistance to a Controlled Subsidiary and was required to abstain from voting on the relevant Board resolution.

Mr. SHI Junfeng and his spouse Ms. ZHU Xianglan, Mr. SHEN Zhiyong, Mr. ZHANG Yi and their associates are required to abstain from voting on the resolution to be proposed by the Company at the EGM to approve the Proposed Provision of Financial Assistance to a Controlled Subsidiary.

IV. PROPOSED EXTENSION OF BOOK CLOSURE PERIOD

According to Article 32 of the Articles of Association, the Company may suspend the registration of shareholders in accordance with the provisions of the applicable laws and regulations and the securities regulatory rules of the place where shares of the Company are listed. Pursuant to section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), a company may, on giving notice, close its register of members for any period or periods not exceeding in the whole 30 days in each year, and such period of 30 days may be extended in respect of any year by a resolution of the company's members passed in that year and must not be extended for a further period or periods exceeding 30 days in the whole in any year.

The Board proposed to extend the period during which the Company's register of members may be closed during the calendar year 2025 from 30 days to 60 days in order to (i) provide the Company with the flexibility to meet its practical needs in case further general meeting(s) are to be convened in 2025 to resolve matters and pass resolutions as and when appropriate; and (ii) allow the Company to close its register of members in order to ascertain the Shareholders' entitlements, for example, dividends, etc.

V. EGM

Resolutions in relation to, among other things, the adoption of the Scheme and Proposed Grant, the Proposed Refreshment of General Mandate, the Proposed Provision of Financial Assistance to a Controlled Subsidiary and the proposed extension of book closure period will be considered by Shareholders at the EGM.

LETTER FROM THE BOARD

A notice convening the EGM to be held at 2nd Floor, Large Conference Room, No. 6 Hengtong Avenue, Nanjing Economic and Technological Development Zone, Nanjing, Jiangsu Province, PRC on December 31, 2025 at 2:00 p.m. is set out on pages EGM-1 to EGM-4 of this circular.

Whether or not you intend to attend the EGM, you are advised to complete and return the enclosed proxy form in respect of the EGM in accordance with the instructions printed thereon as soon as possible and in any event, not less than 24 hours prior to the commencement of such meeting or any adjournments thereof, i.e., not later than Tuesday, December 30, 2025 at 2:00 p.m. (Hong Kong time). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

In accordance with the Listing Rules, the resolutions to be put forward at the EGM will be voted by way of poll.

As at the Latest Practicable Date, to the best of the knowledge of the Directors after making all reasonable enquiries, Mr. LU Zhenya, Mr. QIN Jian and Mr. ZHANG Yi, each an executive Director, and other Participants under the Proposed Grant holding Shares and their respective associates (including Mr. SHI Junfeng, an executive Director, and Ms. ZHU Xianglan, a non-executive Director, each an associate of the Participant(s) of the Scheme) will have significant interests in the resolutions to be proposed at the EGM regarding the proposed adoption of the Scheme and the Proposed Grant. As at the Latest Practicable Date, to the best of the knowledge of the Directors after making all reasonable enquiries, Mr. Shi (holding 212,662,195 A Shares, representing approximately 31.14% of the total issued Shares (excluding treasury shares)), Ms. Zhu (holding 23,618,649 A Shares, representing approximately 3.46% of the total issued Shares (excluding treasury shares)) and Nanjing Bailey (holding 1,901,208 A Shares, representing approximately 0.28% of the total issued Shares (excluding treasury shares)), all being controlling Shareholders (together holding 238,182,052 A Shares, representing approximately 34.87% of the total issued Shares (excluding treasury shares)), together with their associates, being the Abstaining Shareholders relating to the New General Mandate, are required to abstain from voting in favour of the relevant resolution(s) to approve the Proposed Refreshment of General Mandate. As at the Latest Practicable Date, to the best of the knowledge of the Directors after making all reasonable enquiries, by virtue of the interest of Mr. Shi, Mr. SHEN Zhiyong, and Mr. ZHANG Yi in Changzhou Liyuan's shareholders (i.e. Changzhou Youbeili and Nanjing Jinbeili), Mr. Shi and his spouse Ms. Zhu, Mr. SHEN Zhiyong, Mr. ZHANG Yi and their associates are required to abstain from voting on the resolution to be proposed by the Company at the EGM to approve the Proposed Provision of Financial Assistance to a Controlled Subsidiary. Therefore, save for the aforesaid persons, no Shareholder is required to abstain from voting for such resolutions at the EGM. Further details in relation to the Shareholders that abstain from voting will be disclosed in the poll results announcement of the upcoming EGM, which is expected to be published on the websites of the Hong Kong Stock Exchange and the Company on December 31, 2025.

LETTER FROM THE BOARD

The register of members of the Company will not be closed for the purpose of determining the eligibility to attend and vote at the EGM. Holders of the H Shares of the Company whose names appear on the register of members of H Shares of the Company on December 23, 2025 will be entitled to attend the EGM. In order to be eligible to attend and vote at the EGM, holders of H Shares of the Company whose transfers of Shares have not been registered shall deposit the transfer documents together with the relevant share certificates with the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on December 23, 2025.

VI. RECOMMENDATION

The Directors, including the independent non-executive Directors, believe that the adoption of the Scheme and the Proposed Grant and proposed authorisation to the Board to deal with related matters, the Proposed Refreshment of General Mandate, the Proposed Provision of Financial Assistance to a Controlled Subsidiary and the proposed extension of book closure period are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors, including the independent non-executive Directors, recommend all Shareholders to vote in favour of the relevant resolutions as set out in the notice of the EGM.

The Directors (including members of the Independent Board Committee whose views are set out in the letter from the Independent Board Committee in this circular after taking into account the advice of the Independent Financial Adviser) consider that the Proposed Refreshment of General Mandate is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole, and recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM as set out in the notice of EGM.

Your attention is drawn to the letter of advice from the Independent Financial Adviser set out on pages IV-1 to IV-19 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in connection with the Proposed Refreshment of General Mandate and the letter from the Independent Board Committee set out on page III-1 of this circular which contains its recommendation to the Independent Shareholders in relation to the Proposed Refreshment of General Mandate.

VII. RESPONSIBILITY STATEMENT

This circular for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

VIII. DOCUMENTS ON DISPLAY

A copy of the Scheme is available on display at website of Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.lopal.com.cn) from the date hereof up to and including December 31, 2025, being the date of the EGM, and is available for inspection at the EGM.

IX GENERAL INFORMATION

Should there be any discrepancies between the Chinese and English versions of this circular, the Chinese version shall prevail.

By order of the Board
Jiangsu Lopal Tech. Group Co., Ltd.
SHI Junfeng
Chairman

The Company hereby announces the main content of the Scheme and the Proposed Grant thereunder as follows:

A. PURPOSE OF THE SCHEME

The purposes of the Scheme are:

1. to establish and improve the interest sharing mechanism between the management and the Shareholders to align the interests of the Company, Shareholders and employees, fostering a shared focus on the Company's long-term development, thereby bringing more efficient and sustainable returns to the Shareholders;
2. to further improve the Company's corporate governance structure and establish a long-term and effective incentive and constraint mechanism to ensure the Company's long-term and stable development; and
3. to effectively motivate the proactivity of management and employees, attract and retain quality management talent and key personnel, prevent loss of talent, and enhance the Company's cohesion and competitiveness.

The Scheme is formulated in accordance with relevant requirements under the Company Law, the Securities Law, the Administrative Measures, other relevant laws and regulations, and the Articles of Association.

B. SOURCE OF SHARES UNDER THE SCHEME

The Scheme is a share option incentive scheme. Share Option represents the right to be granted to a Participant by the Company to acquire certain number of Shares at a pre-determined price under certain conditions during a particular period of time.

The subject shares involved in the Scheme are A Shares (being ordinary shares) of the Company, the source of which shall be new A Shares (being ordinary shares) to be issued and placed to the Participants by the Company.

C. NUMBER OF THE SHARE OPTIONS PROPOSED TO BE GRANTED UNDER THE SCHEME

6,850,000 Share Options are to be granted to the Participants under the Scheme, representing approximately 1% of the total share capital of the Company as at the date of the A Share Announcement.

Subject to the fulfillment of the Conditions of Exercise, each Share Option entitles the Participant to acquire one A Share of the Company at the Exercise Price during the Exercise Period.

The 2023 Share Option Incentive Scheme of the Company is still under implementation. Upon implementation of the Scheme, the total number of Shares involved in all equity incentive schemes of the Company within their validity period shall not exceed 10% of the total share capital of the Company.

D. DETERMINATION AND ALLOCATION OF PARTICIPANTS OF THE SCHEME

The Participants for the Proposed Grant under the Scheme include the existing executive Directors, senior management, middle management and core technical (business) backbones of the Group. None of the Participants under the Scheme has participated in the share option incentive schemes of two or more listed companies at the same time. The Participants who are director and senior management must be elected by Shareholders' meeting or engaged by the Board. All the Participants must hold positions in and enter into labour contracts or employment agreements or retirement re-employment agreements with the Group at the time of the grant of Share Option(s) by the Company and within the appraisal period of the Scheme. The independent Directors and Shareholders and de facto controllers individually or collectively holding more than 5% of the Shares of the Company (excluding treasury shares) and their spouses, parents and children shall not participate in the Scheme.

The total number of the above Participants is 300 in total.

The total number of Shares granted to any Participant under all equity incentive schemes within their validity period shall not exceed 1% of the total share capital of the Company.

E. EXERCISE PRICE OF THE SHARE OPTIONS AND BASIS OF DETERMINATION

The Exercise Price of the Share Options to be granted under the Proposed Grant shall be RMB15.35 per Share, and shall not be lower than the nominal amount of the Shares and not lower than the higher of the following:

1. the average trading price of the A Share (i.e. RMB15.35 per share) on the trading day preceding the date of the A Share Announcement; and
2. the average trading price of the A Share (i.e. RMB14.75 per share) for 120 trading days preceding the date of the A Share Announcement.

During the period between the date of the A Share Announcement and the completion of exercising the Share Options by the Participants, in the event of any issues such as capitalisation issue, distribution of share bonus, sub-division or consolidation of the Shares, rights issue, or declaration of dividends of the Company, the Exercise Price of the Share Options shall be adjusted accordingly.

F. DURATION OF THE SHARE OPTIONS UNDER THE SCHEME**1. Validity Period**

The Validity Period of the Scheme shall be the period from the Date of Grant of a Share Option to the date on which all Share Options are exercised or cancelled, and shall not exceed 48 months from the Date of Grant. Share Options not exercised will lapse after the Validity Period.

2. Date of Grant

The Date of Grant shall be determined by the Board after the Scheme is considered and approved at the general meeting of the Company. The Date of Grant must be a trading day. The Company shall, within 60 days after the Scheme is approved at the general meeting, convene a Board meeting to make the Proposed Grant to the Participants in accordance with the relevant requirements, and complete the registration, announcement(s) and other relevant procedures. If the Company fails to complete the above work within the 60-day period, it shall disclose the reasons for such failure and terminate the implementation of the Scheme in due course, and the Share Options that have not been granted shall lapse.

No Share Option will be granted during the period as restricted by Rule 17.05 of the Listing Rules.

Participants are not required to make any payment for the application or acceptance of the Share Options.

3. Vesting Period

Vesting Period represents the period from the Date of Grant to the Exercise Date of a Share Option. The granted Share Options will be vested in the relevant Participants in two tranches. The Vesting Period of 50% of the granted Share Options is 16 months, and that of the remaining 50% is 28 months.

During the Vesting Period, the Participants shall not exercise the Share Options granted under the Scheme.

4. Exercise Date

After the approval of the Scheme at the Shareholders' meeting, the Share Options granted shall be exercisable after expiry of 16 months commencing from the Date of Grant. The Exercise Date must be a trading day and shall not fall within any of the following periods:

- (I) the period commencing from fifteen days prior to the publication of annual reports and interim reports of the Company, or in the event of delay in publishing the annual reports and interim reports for special reasons, fifteen days prior to the original date of publication and up to the day before the publication of annual reports and interim reports;
- (II) the period commencing from five days prior to the publication of the announcement of quarterly reports, results forecast and preliminary results of the Company;
- (III) the period commencing from the date of occurrence of any significant event which may have significant effect on the trading prices of the Company's securities and their derivatives or the date on which relevant decision-making procedures start and ending on the publication date in accordance with laws; and
- (IV) other periods as stipulated by the CSRC, the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

If the relevant laws, administrative regulations and departmental rules have other provisions on the period during which the Exercise is not allowed, the new relevant provisions shall prevail.

On the Exercise Date, upon the fulfilment of the Conditions of Exercise required by the Scheme, the Participants shall exercise the Share Options according to the arrangement set out in the following table:

Exercise Period	Exercise Time	Exercise Proportion
First Exercise Period	Commencing on the first trading day after expiry of 16 months from the Date of Grant and ending on the last trading day of 28 months from the Date of Grant	50%
Second Exercise Period	Commencing on the first trading day after expiry of 28 months from the Date of Grant and ending on the last trading day of 40 months from the Date of Grant	50%

For Share Options that have not been applied for Exercise or cannot be applied for Exercise due to failure to meet the Conditions of Exercise during the Exercise Period, the relevant Share Options shall no longer be exercisable and shall not be deferred to become exercisable in the next Exercise Period, and the Company will cancel such Share Options in accordance with the principles of the Scheme.

The number of individual effective Share Options of Participants shall be adjusted according to the individual comprehensive appraisal and assessment for the year of assessment.

5. Lock-up period

The lock-up period refers to the timeframe during which the Participants are restricted from selling the shares they receive upon Exercise. The lock-up arrangement under the Scheme shall be implemented in accordance with the Company Law, the Securities Law and other relevant laws, regulations and regulatory documents as well as the requirements of the Articles of Association. Specific requirements are as follows:

- (I) Where a Participant is a Director or a member of the senior management of the Company, the number of Shares of the Company which may be transferred by the Participant each year during his/her term of office as determined upon his/her appointment shall not exceed 25% of the total number of the Shares of the Company held by him/her. No Shares of the Company held by him/her shall be transferred within six months after his/her termination of office;
- (II) Where a Participant is a Director or a member of the senior management of the Company and their spouses, parents or children, and he/she disposes of any Shares of the Company within six months after acquisition or buys back such Shares within six months after disposal, all gains arising therefrom shall be accounted to the Company and the Board will collect all such gains;
- (III) shareholding reduction by a Participant shall be in compliance with relevant regulations including the Interim Measures for the Administration of Shareholding Reduction by Shareholders of Listed Companies (上市公司股東減持股份管理暫行辦法) issued by the CSRC and Guidelines No. 15 of Shanghai Stock Exchange for Self-Regulation of Listed Companies — Reduction of Shareholdings by Shareholders, Directors and Senior Management (上海證券交易所上市公司自律監管指引第15號 — 股東及董事、高級管理人員減持股份); and
- (IV) if, during the Validity Period of the Scheme, there is any amendment to the requirements regarding transfer of Shares by a Director or a member of the senior management of the Company under the Company Law, the Securities Law and other relevant laws, regulations, regulatory documents and the Articles of Association, then such Participants shall comply with such amended requirements when transferring the Shares of the Company held.

G. CONDITIONS OF GRANT AND EXERCISE UNDER THE SCHEME**1. Conditions of Grant of the Share Options**

The Share Options may be granted to the Participants by the Company upon satisfaction of all of the following Conditions of Grant, and shall not be granted to the Participants if any of the following Conditions of Grant is not satisfied:

- (I) there is no occurrence of any of the following on the part of the Company:
 - a. issuance of an auditors' report with an adverse opinion or a disclaimer of opinion by certified public accountants in respect of the Company's financial accounting report for the most recent accounting year;
 - b. issuance of an auditors' report with an adverse opinion or a disclaimer of opinion by certified public accountants in respect of the Company's internal control over financial reporting for the most recent accounting year;
 - c. circumstances under which, within the most recent 36 months after listing, the Company fails to distribute profits in accordance with relevant laws and regulations, the Articles of Association or any undertaking publicly made;
 - d. prohibition from implementation of any equity incentives under laws and regulations; or
 - e. any other circumstances as prescribed by the CSRC; and
- (II) there is no occurrence of any of the following on the part of the Participants:
 - a. the Participant has been deemed as an inappropriate candidate by the Shanghai Stock Exchange in the last 12 months;
 - b. the Participant has been deemed as an inappropriate candidate by the CSRC or any of its derived agencies in the last 12 months;
 - c. the Participant has been imposed by the CSRC or any of its derived agencies with administrative penalties or a ban from entry into the securities market due to material breach of laws and regulations in the last 12 months;
 - d. the Participant is prohibited from acting as a director or a member of the senior management of a company under the Company Law;
 - e. the Participant is not allowed to participate in any equity incentives of a listed company under laws and regulations; or

- f. any other circumstances as prescribed by the CSRC.

2. Conditions of Exercise of the Share Options

In addition to satisfying the Conditions of Grant, the Participants shall also satisfy the following conditions to exercise the Share Options granted:

- (I) there is no occurrence of any of the following on the part of the Company:
 - a. issuance of an auditors' report with an adverse opinion or a disclaimer of opinion by certified public accountants in respect of the Company's financial accounting report for the most recent accounting year;
 - b. issuance of an auditors' report with an adverse opinion or a disclaimer of opinion by certified public accountants in respect of the Company's internal control over financial reporting for the most recent accounting year;
 - c. circumstances under which, within the most recent 36 months after listing, the Company fails to distribute profits in accordance with relevant laws and regulations, the Articles of Association or any undertaking publicly made;
 - d. prohibition from implementation of any equity incentives under laws and regulations; or
 - e. any other circumstances as prescribed by the CSRC; and
- (II) there is no occurrence of any of the following on the part of the Participants:
 - a. the Participant has been deemed as an inappropriate candidate by the Shanghai Stock Exchange in the last 12 months;
 - b. the Participant has been deemed as an inappropriate candidate by the CSRC or any of its derived agencies in the last 12 months;
 - c. the Participant has been imposed by the CSRC or any of its derived agencies with administrative penalties or a ban from entry into the securities market due to material breach of laws and regulations in the last 12 months;
 - d. the Participant is prohibited from acting as a director or a member of the senior management of a company under the Company Law;
 - e. the Participant is not allowed to participate in any equity incentives of a listed company under laws and regulations; or
 - f. any other circumstances as prescribed by the CSRC.

(III) performance targets on company level are fulfilled, details of which are as follows:

- a. a Participant granted with Share Options under the Scheme will be assessed annually and the exercising of Share Options shall be conducted annually for two accounting years during the Exercise period, subject to the achievement of the performance target by the Participant which is one of the Conditions of Exercise of the Share Options. The annual company-level performance appraisal targets for Share Options granted under the Scheme are as follows:

Exercise Period	Performance Appraisal Target
First Exercise Period	Based on the revenue in 2025, the revenue growth rate for 2026 shall not be less than 10%
Second Exercise Period	Based on the revenue in 2025, the revenue growth rate for 2027 shall not be less than 20%

- b. in the event the Company fails to meet the performance appraisal targets above, all Share Options granted to the Participants in the respective appraisal year shall not be exercised and shall be cancelled by the Company;

(IV) performance targets on the business line level are achieved, details of which are as follows:

- a. during the implementation of the Scheme, the Company will, each year, in accordance with the Administrative Measures for the Implementation and Appraisal of the 2025 Share Option Incentive Scheme of Jiangsu Lopal Tech. Group Co., Ltd. and other relevant internal assessment rules, set annual assessment targets for the business line to which each Participant belongs, taking into account the Company's annual performance assessment objectives;
- b. achieving the annual performance assessment targets on the business line level will constitute one of the Conditions of Exercise for the Participants for that year; and
- c. the specific annual performance assessment targets on the business line level and the exercisable proportion shall be implemented in accordance with the relevant agreements for grant entered into between the Company and the Participants; and

(V) performance targets on the individual level are achieved, details of which are as follows:

- a. each Participant will undergo an annual individual performance assessment, which will be organised and implemented in accordance with the Company's prevailing remuneration and assessment policies;
- b. the proportion of exercisable options will be determined based on the assessment results;

Assessment Result	Qualified	Unqualified
Exercise Ratio	1	0

- c. if the Company's performance target at the company level is met in a given year, the number of Share Options that an individual Participant may exercise for that year = Share Options corresponding to that Exercise Period for the individual $\times$ business line exercise ratio $\times$ individual exercise ratio; and
- d. any Share Options that cannot be exercised by a Participant in a given year due to the assessment results shall be cancelled by the Company and shall not be carried forward to the subsequent year.

If any of the events specified in (I) above occurs on the part of the Company, all Share Options granted to the Participants according to the Scheme but not exercised shall be cancelled by the Company.

If any of the events specified in (II) above occurs on the part of a Participant, the Share Options granted to such Participant according to the Scheme but not exercised shall be cancelled by the Company.

H. ACCOUNTING TREATMENT OF THE SCHEME

1. Accounting treatment

a. *Date of Grant*

Since the Share Options are not exercisable on the Date of Grant, no accounting treatment is required. The Company will use the Binary Tree Model to determine the fair value of the Share Options on the Date of Grant.

b. Vesting Period

On each balance sheet date during the Vesting Period, the Company, based on the best estimate of the number of exercisable Share Options, records the services received during the period as cost or current expense at the fair value of the Share Options on the Date of Grant, and also records them in “capital reserve — other capital reserve” without recognizing any subsequent changes in their fair value.

c. Accounting treatment after the Exercise Date

No adjustments will be made to the recognized costs and expenses and total owner’s equity.

d. Exercise Date

On the date of exercise, if the Conditions of Exercise are met, the Share Options can be exercised and the “capital reserve — other capital reserve” recognized on each balance sheet date before the date of exercise will be carried forward; if all or part of the Share Options are not exercised and become invalid or void, they will be cancelled by the Company and handled in accordance with accounting standards and relevant regulations based on the specific circumstances.

e. Fair Value of the Share Options and its Basis of Determination

In accordance with the relevant requirements of the Accounting Standards for Business Enterprises No. 11 — Share-Based Payments (《企業會計準則第11號 — 股份支付》) and the Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments (《企業會計準則第22號 — 金融工具確認和計量》), the Company selects the Binary Tree Model to measure the fair value of Share Options and uses the closing price on October 22, 2025 as the benchmark price. This model is used to evaluate 6,850,000 Share Options to be granted. The specific parameters are selected as follows:

- (a) Underlying share price: RMB15.32 per share (the closing price on October 22, 2025)
- (b) Validity periods: 28 months and 40 months, respectively (i.e., the period from Date of Grant to the end of each Exercise Period)
- (c) Historical volatility: 8.3057% and 6.6538% (using the average annual volatility of comparable companies in the same industry in the last 1 and 2 years respectively)
- (d) Risk-free interest rates: 1.3653% and 1.4934% (using the yields of 1-year and 2-year China Bonds respectively)

- (e) Dividend yield: 1.8386% (calculated based on the average dividend rate of comparable companies in the same industry in the three years before the announcement of the Scheme)

2. Estimated impact of Share Option implementation on operating results for each period

The Company determines the fair value of the Share Options on the Date of Grant in accordance with relevant valuation tools and confirms the share-based payment expenses of the Scheme. Such expenses will be amortised in proportion to the exercise ratio during the implementation of the Scheme. The incentive costs arising from the Scheme will be included in recurring profits and losses.

Based on the Company's preliminary estimate with current information, without considering the stimulating effect of the Scheme on the Company's performance, the amortisation of incentive costs will have an impact on the net profit of each year during the Vesting Period of the Scheme, but the impact is controllable.

I. METHOD AND PROCEDURES OF ADJUSTMENT TO THE NUMBER AND EXERCISE PRICE OF THE SHARE OPTIONS

1. Method of adjustment to the number of the Share Options

In the event of capitalisation issue, distribution of share bonus, share sub-division or consolidation and rights issue prior to any Exercise, the number of the Share Options shall be adjusted accordingly as follows:

(a) Capitalisation issue, distribution of share bonus and share sub-division

$$Q = Q_0 \times (1 + n)$$

Where: Q_0 shall be the number of the Share Options before the adjustment; n shall be the ratio of increase per Share resulting from the capitalisation issue, distribution of share bonus and sub-division of Shares (i.e., the number of increased Shares per Share after such adjustment); Q shall be the number of Share Options after adjustment.

(b) Rights issue

$$Q = Q_0 \times P_1 \times (1 + n) \div (P_1 + P_2 \times n)$$

Where: Q_0 shall be the number of the Share Options before the adjustment; P_1 shall be the closing price on the record date; P_2 shall be the subscription price of the rights issue; n represents the ratio of the rights issue (i.e. the number of Shares to be issued under the rights issue in proportion to the total Share capital of the Company before the rights issue); Q represents the adjusted number of the Share Options.

(c) Share consolidation

$$Q = Q_0 \times n$$

Where: Q_0 represents the number of the Share Options before to the adjustment; n represents the ratio of consolidation of shares (i.e. one Share of the Company shall be consolidated into n Shares); and Q represents the adjustment number of the Share Options.

(d) Declaration of dividend and new issue

In the event of any new issue of Shares or declaration of dividend, no adjustment shall be made to the number of the Share Options.

2. Method of adjustment to the Exercise Price of the Share Options

In the event of any dividend distribution, capitalisation issue, distribution of share bonus, sub-division or consolidation and rights issue of Shares prior to any Exercise, the Exercise Price shall be adjusted accordingly as follows.

(a) Capitalisation issue, distribution of share bonus and share sub-division

$$P = P_0 \div (1 + n)$$

Where: P_0 represents the Exercise Price before the adjustment; n represents the ratio of increase per Share resulting from the capitalisation issue, distribution of share bonus and sub-division of Shares; P represents the adjusted Exercise Price.

(b) Rights issue

$$P = P_0 \times (P_1 + P_2 \times n) \div P_1 \times (1 + n)$$

Where: P_0 represents the Exercise Price before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the subscription price of the rights issue; n represents the ratio of the rights issue (i.e. the number of Shares to be issued under the rights issue in proportion to the total Share capital of the Company before the rights issue); P represents the adjusted Exercise Price.

(c) Share consolidation

$$P = P_0 \div n$$

Where: P_0 represents the Exercise Price before the adjustment; n represents the ratio of consolidation of Shares; P represents the adjusted Exercise Price.

(d) Declaration of dividend

$$P = P_0 - V$$

Where: P_0 represents the Exercise Price before the adjustment; V represents the dividend rate per Share; P represents the adjusted Exercise Price. After the adjustment, P shall still be higher than 1.

(e) New issue

In the event of new issue of Shares, no adjustment shall be made to the Exercise Price of the Share Options.

The Shareholders' meeting of the Company shall authorize the Board to pass resolutions for adjusting the number and Exercise Price of Share Options when the aforementioned circumstances arise. The Company shall engage legal advisers to provide professional advice to the Board as to whether such adjustments are in compliance with the requirements under the Administration Measures, the Articles of Association and the Scheme. After the resolutions for such adjustment are reviewed and passed by the Board, the Company shall disclose an announcement on the resolutions by the Board timely and announce the legal opinion of the legal advisers.

J. EFFECTIVE PROCEDURES OF THE SCHEME AND PROCEDURES OF GRANT OF THE SHARE OPTIONS BY THE COMPANY AND EXERCISE BY THE PARTICIPANTS

1. The effective procedures of the Scheme include, among other things:
 - (a) The remuneration and evaluation committee of the Board is responsible for formulating the Scheme and submitting it to the Directors for deliberation. The Board shall make a resolution on the Scheme in accordance with the law. The Scheme can be implemented only after being approved by the Shareholders' meeting.
2. The procedures of grant of the Share Options include, among other things:
 - (a) After the Scheme is approved at the Shareholders' meeting, the Company will enter an agreement on grant of the Share Options with the Participants in order to set out their parties' rights and obligations.
 - (b) The Board will consider and announce if the conditions for granting interests to the Participants have been fulfilled, the remuneration and evaluation committee of the Board shall express specific opinions, and the law firm shall issue legal opinion on whether the conditions for the exercise of Share Options by the Participants are fulfilled.

- (c) Upon the Scheme being approved at the Shareholders' meeting, the Company shall, within 60 days after the approval, make a grant to the Participants and complete the announcement and registration procedures. The Board shall disclose the implementation thereof timely by way of announcement after completion of the registration of the grant. In the event the Company fails to complete the aforesaid procedures within such 60 days, the Scheme shall be terminated, and the Board shall timely disclose the reason for such failure and shall not be allowed to consider the share option incentive scheme within the next three months (pursuant to the Administrative Measures, any period during which the Company is prohibited from granting Share Options shall not be counted within the 60-day timeframe).
 - (d) The Company shall make an application to the Shanghai Stock Exchange first before any Share Options are granted, and the securities registration and settlement institution will conduct registration and clearing procedures thereof upon confirmation by the Shanghai Stock Exchange.
3. The procedures of exercising the Share Options include:
- (a) The Company shall confirm whether a Participant satisfies the Conditions of Exercise before the date of exercise. The Board shall consider and review whether the Conditions of Exercise as set out in the Scheme have been satisfied. The remuneration and evaluation committee of the Board shall express explicit views concurrently. The law firm shall issue legal opinions on whether the Conditions of Exercise are fulfilled by the Participants or not. For the Participants who satisfy the Conditions of Exercise, the Company may provide a unified or autonomous method of exercise to the Participants according to the actual situation, and for the Participants who fail to satisfy the Conditions of Exercise, the Company shall cancel their Share Options corresponding to the respective exercise. The Company shall disclose the implementation thereof timely by way of announcement.
 - (b) A Participant may transfer the Shares of the Company obtained pursuant to the exercise of Share Options, but the transfer of Shares held by the Directors and senior management of the Company shall be in compliance with the requirements of relevant laws, regulations and regulatory documents.
 - (c) The Company shall make an application to the Shanghai Stock Exchange first before any Share Option is exercised, and the securities registration and settlement institution will conduct registration and clearing procedures thereof upon confirmation by the Shanghai Stock Exchange.

K. AMENDMENT AND TERMINATION OF THE SCHEME**1. Amendment procedures of the Scheme**

- a. If the Company intends to amend the Scheme before it is considered at the Shareholders' meeting, such amendment shall be considered and approved by the Board.
- b. If the Company intends to amend the Scheme after it is considered and approved at the current Shareholders' meeting, such amendment shall be considered and determined at a Shareholders' meeting and such amendment shall not result in the following:
 - i. leading to early/accelerated exercise of the Share Options;
 - ii. reducing the Exercise Price (excluding adjustments made in accordance with the Scheme).
- c. The Company shall disclose the reasons for and the contents of the amendments in a timely manner. The remuneration and evaluation committee of the Board shall express views as to whether the amendments are conducive to the sustainable development of the Company or are significantly detrimental to the interests of the Company and the Shareholders as a whole.
- d. The law firm shall issue professional opinions on whether the amended Scheme complies with the relevant provisions of the Administrative Measures and other laws and regulations, and whether there is any obvious damage to the interests of the Company and the Shareholders as a whole.
- e. After relevant revisions are made to laws and regulations such as the Company Law, the Securities Law and the Administrative Measures, the Board, as authorized by the Shareholders' meeting, will adjust the Scheme in accordance with the revised contents of the laws and regulations.

2. Termination procedures of the Scheme

- a. If the Company intends to terminate the implementation of the Scheme before it is considered at the Shareholders' meeting, such termination shall be considered and approved by the Board;
- b. If the Company intends to terminate the implementation of the Scheme after it is considered and approved at the Shareholders' meeting, such termination shall be considered and determined at the Shareholders' meeting.

- c. The law firm shall issue professional opinions on whether the Company's termination of the implementation of the Scheme complies with the provisions of the Administrative Measures and relevant laws and regulations, and whether there is any obvious detriment to the interests of the Company and the Shareholders as a whole.
- d. If the implementation of the Scheme is to be terminated, the Company shall complete the cancellation procedures for the granted Share Options in a timely manner after going through the relevant review procedures.
- e. If the resolution on termination of the implementation of the Scheme is considered and approved at the Shareholders' meeting or by the Board, no further consideration of share option incentive scheme shall be allowed within three months from the date of the announcement on such resolution.

L. RIGHTS AND OBLIGATIONS OF THE COMPANY AND THE PARTICIPANTS

1. Rights and obligations of the Company include:

- a. The Company shall have the right to construe and execute the Scheme and shall appraise the performance of Participants based on the requirements under the Scheme, and supervise and review whether the Participants possess the qualifications to continue to exercise the Share Options. If a Participant fails to fulfill the Conditions of Exercise required under the Scheme, the Company will, in accordance with the principles under the Scheme, cancel the Share Options which have not been exercised by the Participant.
- b. The Company has the right to require the Participants to perform their responsibilities based on the requirement of the position. If the Participant is incompetent in performing his/her duties or fails in assessment, or the Participant violates the laws or professional ethics, leaks confidential information of the Company, or involves in dereliction of duty or malfeasance or other acts, which has caused serious damages to the interests or reputation of the Company, the Share Options that have not been exercised by the Participant can be cancelled upon the approval of the Board.
- c. The Company shall withhold and pay individual income tax and other taxes on behalf of the Participants in accordance with the relevant PRC tax laws and regulations.
- d. The Company undertakes not to provide loans and financial assistance in any other forms, including provision of guarantee for their loans, to the Participants with respect to the acquisition of relevant Share Options under the Scheme.

- e. The Company shall promptly discharge its obligations in relation to reporting and information disclosure under the Scheme in accordance with the relevant requirements.
 - f. The Company shall actively support the Participants who have fulfilled the Conditions of Exercise to exercise their Share Options in accordance with the relevant requirements including those of the Scheme, CSRC, the Shanghai Stock Exchange, China Securities Depository and Clearing Corporation Limited and others. However, the Company disclaims any liability for any loss suffered by a Participant arising from the inability to exercise as he/she desires due to reasons relating to CSRC, the Shanghai Stock Exchange or China Securities Depository and Clearing Corporation Limited.
 - g. The Company's determination of the Participants of the Scheme does not mean that such persons may continue to serve the Company, and does not constitute a commitment by the Company on staff employment duration. The employment relationship between the Company and the employees will comply with the labour contracts or employment contracts or retirement re-employment agreements signed with the Participant.
 - h. Other relevant rights and obligations as stipulated under the laws, regulations, normative documents and the Scheme.
2. Rights and obligations of the Participants include:
- a. The Participants shall comply with the requirements of their positions within the Company, and shall work diligently and responsibly, strictly observe professional ethics, and make due contributions to the development of the Company.
 - b. The Participants shall lock up their granted Share Options according to the requirements of the Scheme.
 - c. Source of funds of the Participants shall be derived from funds raised by them.
 - d. The Share Options granted to the Participants shall not be transferred, used for guarantee or repayment of debts before being exercised. Before the Share Options are exercised, the Participants do not enjoy the voting rights, dividend rights, transfer rights and rights arising from the Company's liquidation.
 - e. The Participants shall pay the individual income tax and other taxes and levies for their gains from the Scheme in accordance with the PRC tax laws and regulations.

- f. The Participants undertake that in the event that false statements, misleading statements or material omissions in the information disclosure documents result in the Company to be ineligible for the granting of interests or the vesting arrangement of interests, the Participants should return to the Company all benefits obtained from the Scheme after the relevant information disclosure documents are confirmed to have contained false statements, misleading statements or material omissions.
- g. Upon consideration and approval of the Scheme at the Shareholders' meeting, the Company will sign an agreement on the grant of Share Options with each Participant whereby their respective rights and obligations as well as other relevant matters are stipulated.
- h. Other relevant rights and obligations as stipulated by laws, regulations and the Scheme.

M. HANDLING OF SPECIAL OCCASIONS OF THE COMPANY AND PARTICIPANTS

I. Handling of special occasions of the Company

- 1. In the event of any of the following circumstances, the Scheme shall not be changed:
 - a. change of control of the Company;
 - b. merger or demerger of the Company.
- 2. In the event of any of the following circumstances, the Scheme shall be terminated, and the Share Options granted to the Participants but not yet exercised under the Scheme shall not be exercised and shall be cancelled by the Company:
 - a. a certified public accountant has issued an audit report with adverse opinion or disclaimer of opinion in relation to the financial accounting reporting for the latest accounting year;

a certified public accountant has issued an audit report with adverse opinion or disclaimer of opinion in relation to the internal control on financial reporting for the latest accounting year;
 - b. within the most recent 36 months after listing, the Company fails to distribute profits in accordance with relevant laws and regulations, the Articles of Association or any undertaking publicly made;

- c. where the laws and regulations prohibit the implementation of equity incentives;
 - d. other circumstances where the Scheme shall be terminated as determined by the CSRC.
- 3. In addition, in the event that false statements, misleading statements or material omissions in the information disclosure documents result in the Company to be non-compliant with the conditions for granting or exercising of the Share Options, the Share Options to be granted shall not be granted and those had been granted to the Participants but not yet exercised shall be cancelled by the Company; and the benefits gained from exercising the granted Share Options by the Participants should be returned. If the Participants are not responsible for the above matters and suffer losses due to such return of benefits, the Participants may claim their losses from the Company or the Participant who is responsible pursuant to the relevant arrangements under the Scheme.

II. Handling of changes in the personal circumstances of the Participants

- 1. If the Participant is involved in any of the following circumstances, the Share Options granted to such Participant but not yet exercised shall not be exercised and shall be cancelled by the Company:
 - a. the Participant has been deemed as an inappropriate candidate by the Shanghai Stock Exchange in the last 12 months;
 - b. the Participant has been deemed as an inappropriate candidate by the CSRC or any of its derived agencies in the last 12 months;
 - c. the Participant has been imposed by the CSRC or any of its derived agencies with administrative penalties or a ban from entry into the securities market due to material breach of laws and regulations in the last 12 months;
 - d. the Participant is prohibited from acting as a director or a member of the senior management of a company under the Company Law;
 - e. the Participant is not allowed to participate in any equity incentives of a listed company under laws and regulations;
 - f. any other circumstances as prescribed by the CSRC.

2. If the Participant is involved in any of the following circumstances, the Share Options granted to such Participant but not yet exercised shall not be exercised and shall be cancelled by the Company:
 - a. violating national laws and regulations, the Articles of Association, or internal management rules and regulations of the Company, or engagement in acts of failure to perform duties effectively, dereliction of duty, or misconduct, which harm the interest and reputation of the Company, or cause direct or indirect economic losses to the Company;
 - b. violating laws and disciplinary regulations during his/her term of office by accepting or asking for bribes, committing corruption, theft, leaking operation and technical secrets of the Company, and implementing related party transactions that harm the interest and reputation of the Company and have material negative effect on its corporate image, causing losses to the Company;
 - c. other circumstances determined by the Board that seriously violate the relevant regulations of the Company or seriously damage the interests of the Company.
- III. Where a Participant undergoes a change in position but remains employed within the Company or within its affiliated companies or subsidiaries, the Share Options granted to such Participant but not yet exercised shall continue to be processed in accordance with the procedures stipulated under the Scheme prior to such change. If the Participant assumes a position as an independent director or any other role wherein holding Share Options of the Company is prohibited due to organizational reassignment, the exercised Share Options shall remain unaffected, while the Share Options granted to such Participant but not yet exercised shall not be exercised and shall be cancelled by the Company. If the Participant undergoes a change in position as a result of being incompetent in their role, violating laws, breaching professional ethics, disclosing company confidential information, dereliction of duty, or any act that harms the Company's interests or reputation, or if the employment relationship is terminated by the Company due to any of the foregoing reasons, the Share Options granted to such Participant but not yet exercised shall not be exercised and shall be cancelled by the Company. The Participant must settle individual income tax related to the exercised portion of the Share Options prior to departure.
- IV. Where a Participant ceases employment due to resignation, company redundancy, or expiry of the labour contract, the Share Options granted to such Participant but not yet exercised shall not be exercised and shall be cancelled by the Company. The Participant must settle individual income tax related to the exercised portion of the Share Options prior to departure.

- V. Where a Participant ceases employment due to retirement, from the date of such event, the Share Options granted to such Participant but not yet exercised shall continue to be processed in accordance with the procedures stipulated under the Scheme prior to retirement, and individual performance assessment shall no longer be considered as Conditions of Exercise.
- VI. Where a Participant ceases employment due to loss of working capacity, either of the following shall apply:
1. If the loss of working capacity is due to work-related causes, from the date of such event, the Share Options granted to such Participant shall continue to be processed in accordance with the procedures stipulated under the Scheme prior to the loss of working capacity, and individual performance assessments shall no longer be considered as Conditions of Exercise. The Participant must settle individual income tax related to the exercised portion of the Share Options prior to departure and shall, in a timely manner following each subsequent exercise, remit the corresponding individual income tax to the Company for withholding and payment.
 2. If the loss of working capacity is not due to work-related causes, from the date of such event, the Share Options granted to such Participant but not yet exercised shall not be exercised and shall be cancelled by the Company. The Participant must settle individual income tax related to the exercised portion of the Share Options prior to departure.
- VII. Where a Participant deceases, either of the following shall apply:
1. If the death is due to work-related causes, from the date of such event, the Share Options granted to such Participant but not yet exercised shall continue to be fully processed in accordance with the procedures stipulated under the Scheme prior to the death, and shall be held by the designated or legal successor(s). Individual performance assessment shall no longer be considered as Conditions of Exercise. The successor(s) must settle individual income tax related to the exercised portion of the Share Options prior to inheritance and shall, in a timely manner following each subsequent exercise, remit the corresponding individual income tax to the Company for withholding and payment.
 2. If the death is not due to work-related causes, from the date of such event, the Share Options granted to such Participant but not yet exercised shall not be exercised and shall be cancelled by the Company.
- VIII. Any other circumstances not specified herein shall be determined by the remuneration and evaluation committee of the Board, which shall also decide the corresponding handling measures.

**N. CONFLICT OR DISPUTE RESOLUTION MECHANISM BETWEEN THE
COMPANY AND THE PARTICIPANTS**

Any conflict or dispute arising from or in connection with the implementation of the Scheme and/or the equity incentive agreement entered into between the Company and the Participants shall be resolved through negotiation and communication between the parties, or through mediation by the remuneration and evaluation committee of the Board. If such conflict or dispute fails to be resolved within sixty (60) days after its occurrence despite the aforementioned efforts, either party shall have the right to submit the matter to the competent People's Court in the place where the Company is located for resolution through litigation.

Jiangsu Lopal Tech. Group Co., Ltd.
Administrative Measures for the Implementation and Appraisal of
the 2025 Share Option Incentive Scheme

To ensure the smooth implementation of the 2025 Share Option Incentive Scheme (hereinafter “**Incentive Scheme**”) of Jiangsu Lopal Tech. Group Co., Ltd. (hereinafter “**Company**”), form a well-balanced value distribution system, motivate the Company’s directors, senior management, middle management, and core technical (business) backbones of the Company to carry out their work with integrity and diligence, and ensure the realisation of the Company’s development strategy and business objectives, these Administrative Measures are formulated in accordance with the relevant laws, regulations, regulatory documents including the Company Law, the Securities Law and the Administrative Measures on Share Option Incentives of Listed Companies, as well as the Articles of Association, after taking into account the actual circumstances of the Company.

I. ASSESSMENT OBJECTIVES

To further improve the corporate governance structure of the Company, improve the performance evaluation system and incentive mechanism for the Company’s senior management and core employees, through a comprehensive and objective evaluation of the work performance of the Company’s directors, senior management, middle management and core technical (business) backbones, improve the performance evaluation system for the Participants of the Company, ensure the smooth implementation of the Company’s share option incentive scheme, and promote the achievement of the Company’s long-term strategic goals.

II. ASSESSMENT PRINCIPLES

Assessment and evaluation must adhere to the principles of fairness, openness and equity, and be conducted strictly in accordance with these Administrative Measures and with the performance of the assessment subjects, so as to achieve a close integration of the share option incentive scheme with the work performance and contribution of the Participants, thereby improving the level of management performance and maximizing the interests of the Company and all shareholders.

III. ASSESSMENT SCOPE

These Administrative Measures apply to all Participants of this shared option incentive scheme of the Company, including directors, senior management, middle management and core technical (business) backbones of the Company (including its holding subsidiaries).

IV. ASSESSMENT ORGANISATION

1. The Remuneration and Evaluation Committee of the Board of Directors of the Company is responsible for leading and organising the assessment of Participants.

2. The Company's Human Resources Department, Financial Management Department, and other relevant departments are responsible for collecting and providing relevant data and for ensuring the authenticity and reliability of the data.
3. The Company's Human Resources Department, Financial Management Department, and other relevant departments are responsible for calculating the assessment scores of the Participants and for compiling assessment results.
4. The Remuneration and Evaluation Committee of the Board of Directors of the Company will consider the assessment results of the Participants and make resolutions.

V. ASSESSMENT AND EVALUATION INDICATORS AND STANDARDS

The exercisable share options for the Participants in that year are determined based on the assessment results at the company level, business line level and individual level.

1. Company-level performance appraisal requirements

A Participant granted with Share Options under the Scheme will be assessed annually and the exercising of Share Options shall be conducted annually for two accounting years during the Exercise period, subject to the achievement of the performance target by the Participant which is one of the Conditions of Exercise of the Share Options. The annual performance appraisal metrics are arranged as follows:

Exercise Period	Performance Appraisal Target
First Exercise Period	Based on the revenue in 2025, the revenue growth rate for 2026 shall not be less than 10%
Second Exercise Period	Based on the revenue in 2025, the revenue growth rate for 2027 shall not be less than 20%

In the event the Company fails to meet the performance appraisal targets above, all Share Options granted to the Participants in the respective appraisal year shall not be exercised and shall be cancelled by the Company.

2. Performance assessment requirements at the business line level

During the implementation period of the Scheme, the Company will, each year, in accordance with the Administrative Measures of the 2025 Share Option Incentive Scheme of Jiangsu Lopal Tech. Group Co., Ltd. and other relevant internal assessment rules, set annual assessment targets for the business line to which each Participant belongs, taking into account the Company's annual performance assessment objectives. Achieving the annual performance assessment targets at the business line

level will constitute one of the Conditions of Exercise for the Participants for that year. The specific annual performance assessment targets at the business line level and the exercisable proportion shall be implemented in accordance with the Share Option Grant Agreement of Jiangsu Lopal Tech. Group Co., Ltd. entered into between the Company and the Participants.

3. Performance assessment requirements at the individual level

Each Participant will undergo an annual individual performance assessment, which will be organized and implemented in accordance with the Company's prevailing remuneration and assessment policies. The proportion of exercisable options will be determined based on the assessment results.

Assessment Result	Qualified	Unqualified
Exercise Ratio	1	0

If the Company's performance assessment target at the company level is met in a given year, the number of Share Options that an individual Participant may exercise for that year = Share Options corresponding to that exercise period for the individual × business line exercise ratio × individual exercise ratio.

Any Share Options that cannot be exercised by a Participant in a given year due to the assessment results shall be cancelled by the Company and may not be carried forward to subsequent years.

VI. ASSESSMENT PROCEDURE

1. Under the guidance of the Remuneration and Evaluation Committee of the Board of Directors, the Company's Human Resources Department, Financial Management Department, and other relevant departments are responsible for the specific assessment work. They are responsible for calculating the assessment scores of the Participants, compiling assessment results, and on those basis, preparing and submitting performance assessment reports to the Remuneration and Evaluation Committee of the Board of Directors.
2. The Remuneration and Evaluation Committee of the Board of Directors will consider the performance assessment reports and make resolutions. Related directors shall recuse themselves from the process of determining the eligibility of share option and the number of options for Participants.

VII. ASSESSMENT PERIOD AND FREQUENCY**1. Assessment Period**

The assessment years for the share option incentive scheme are 2026 and 2027, respectively.

2. Assessment Frequency

The assessment frequency is once a year during the exercise period of the share option incentive scheme.

VIII. ASSESSMENT RESULTS FEEDBACK

Appraisees have the right to know their own assessment results. Their direct supervisor should notify them of the results within 5 working days of the completion of the assessment.

If an appraisee disagrees with his assessment results, he may contact the Human Resources Department to resolve the dispute. If it cannot be resolved, the appraisee may appeal to the Remuneration and Evaluation Committee. The Remuneration and Evaluation Committee will review the matter within 10 working days and determine the final assessment result or grade.

IX. APPLICATION OF ASSESSMENT RESULTS

1. Participants are eligible to exercise their share options for that year only after they meet the performance assessment target for the previous year. Share options not exercised by a Participant in that year will be cancelled by the Company.
2. If the company-level performance assessment is met for each year, the number of Share Options that an individual Participant may exercise for that year = Share Options corresponding to that exercise period for the individual × business line exercise ratio × individual exercise ratio.

Share options not exercised by a Participant in that year will be cancelled by the Company and cannot be deferred to subsequent years.

X. MANAGEMENT OF ASSESSMENT RESULTS**1. Revision of assessment indicators and results**

After the assessment is completed, the Remuneration and Evaluation Committee of the Board of Directors of the Company may revise assessment indicators and assessment results that are significantly affected by factors such as changes in objective circumstances.

2. Archiving of assessment results

After the assessment is completed, the assessment results will be archived as confidential information. The Remuneration and Evaluation Committee of the Board of Directors must retain all assessment records for at least five years.

3. To ensure the effectiveness of performance incentives, performance records must not be altered. If revision or re-recording is required, the signature of the party concerned is required.

XI. SUPPLEMENTARY PROVISIONS

1. These Measures shall be formulated, interpreted, and revised by the Board of Directors.
2. These Measures shall be approved by the Company's general meeting and shall be implemented upon the taking effect of the Scheme. If these Measures conflict with the latest laws, regulations, and rules promulgated by regulatory authorities, the latest laws, regulations, and rules shall prevail.

The Board of Directors of Jiangsu Lopal Tech. Group Co., Ltd.

October 23, 2025



Jiangsu Lopal Tech. Group Co., Ltd.
江蘇龍蟠科技集團股份有限公司

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

(Stock Code: 2465)

December 9, 2025

To: the Independent Shareholders

Dear Sir or Madam,

PROPOSED REFRESHMENT OF GENERAL MANDATE

We refer to the circular (the “**Circular**”) of the Company dated December 9, 2025, of which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the Proposed Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole and whether the terms of the Proposed Refreshment of General Mandate are fair and reasonable so far as the Independent Shareholders are concerned, and how the Independent Shareholders should vote at the EGM, after taking into account the recommendation of the Independent Financial Adviser.

We wish to draw your attention to the letter from the Independent Financial Adviser as set out on pages IV-1 to IV-19 of the Circular. Having considered the Proposed Refreshment of General Mandate and the principal factors and reasons considered by and the opinion of the Independent Financial Adviser as set out in its letter of advice, we consider that the Proposed Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution(s) to approve the Proposed Refreshment of General Mandate at the EGM.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. LI Qingwen
*Independent non-
executive Director*

Mr. YE Xin
*Independent non-
executive Director*

Ms. GENG Chengxuan
*Independent non-
executive Director*

Mr. HONG Kam Le
*Independent non-
executive Director*

The following is the text of a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Refreshment of General Mandate, which has been prepared for the purpose of incorporation in this circular.



红日资本有限公司
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Central, Hong Kong

Tel: (852) 2857 9208
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9 December, 2025

To: The Independent Shareholders and the Independent Board Committee of Jiangsu Lopal Tech. Group Co., Ltd.

Dear Sir or Madam,

PROPOSED REFRESHMENT OF GENERAL MANDATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Proposed Refreshment of General Mandate, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 9 December, 2025 (the “**Circular**”), of which this letter forms part. Unless otherwise defined, terms used in this letter shall have the same meanings as those defined in the Circular.

With reference to the Letter from the Board, the Board proposed to grant the New General Mandate to the Directors to allot, issue and deal with A Shares and/or H Shares, or securities convertible into such shares, options, warrants or similar rights to subscribe for any of the Shares, not exceeding 20% of the total number of the A Shares and H Shares in issue (excluding any treasury shares) as at the date on which the relevant resolution is passed at the EGM.

As at the Latest Practicable Date, the total number of issued shares of the Company was 685,078,903 Shares comprising 565,078,903 A Shares and 120,000,000 H Shares. The number of the A Shares or H Shares (excluding the Shares issued by way of the conversion of capital reserve into share capital) to be allotted, issued and dealt with (whether pursuant to a share option or otherwise) determined by the Board in accordance with the New General Mandate shall not exceed 20% of the number of the total number of Shares in issue (excluding any treasury shares) at the time when this resolution is passed at the EGM.

LISTING RULES IMPLICATIONS

As the Company proposed to grant the New General Mandate to the Directors prior to the Company's next annual general meeting, the Proposed Refreshment of General Mandate will be subject to the Independent Shareholders' approval by way of a special resolution at the EGM at which any of the controlling Shareholders and their associates shall abstain from voting in favour of the resolution approving the Proposed Refreshment of General Mandate pursuant to Rule 13.36(4) of the Listing Rules.

As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, Mr. Shi (holding 212,662,195 A Shares, representing approximately 31.14% of the total issued Shares (excluding treasury shares)), Ms. Zhu (holding 23,618,649 A Shares, representing approximately 3.46% of the total issued Shares (excluding treasury shares)) and Nanjing Bailey (holding 1,901,208 A Shares, representing approximately 0.28% of the total issued Shares (excluding treasury shares)), all being controlling Shareholders (together holding 238,182,052 A Shares, representing approximately 34.87% of the total issued Shares (excluding treasury shares)) together with their associates (i.e. the Abstaining Shareholders relating to the New General Mandate) are required to abstain from voting in favour of the relevant resolution(s) to approve the Proposed Refreshment of General Mandate. Save for the aforesaid persons, no Shareholder is required to abstain from voting for such resolution(s) at the EGM.

THE INDEPENDENT BOARD COMMITTEE

The Board currently comprises five executive Directors, namely, Mr. SHI Junfeng, Mr. LU Zhenya, Mr. QIN Jian, Mr. SHEN Zhiyong and Mr. ZHANG Yi, one non-executive Director, namely, Ms. ZHU Xianglan and four independent non-executive Directors, namely, Mr. LI Qingwen, Mr. YE Xin, Ms. GENG Chengxuan and Mr. HONG Kam Le.

The Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. LI Qingwen, Mr. YE Xin, Ms. GENG Chengxuan and Mr. HONG Kam Le has been formed to advise the Independent Shareholders as to (i) whether the Proposed Refreshment of General Mandate is fair and reasonable; (ii) whether the Proposed Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution relating thereto to be proposed at the EGM, taking into account the recommendation of the independent financial adviser. We, Red Sun Capital Limited, has been appointed by the Board with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we are independent from and not connected with the Company and their respective shareholders, directors or chief executives, or any of their respective associates and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Proposed Refreshment of General Mandate. We have not acted as an independent financial adviser to

the Company under the Listing Rules in the past two years. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Group that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent from the Group pursuant to Rule 13.84 of the Listing Rules.

BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice, we have relied on the statements, information, opinions, and representations contained or referred to in the Circular and the information and representations provided to us by the Group, its senior management (the “**Management**”) and/or the Directors. We have assumed that all information, representations and opinions contained or referred to in the Circular or made, given or provided to us by the Company, the Directors and the Management, for which they are solely and wholly responsible, were true and accurate and complete in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all statements, information, opinions, and representations made by the Directors in the Circular have been reasonably made after due and careful enquiry. The Directors and the Management confirmed to the best of their knowledge after making reasonable enquiries, no material facts have been omitted from the information provided and referred to in the Circular. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

We consider that we have been provided with sufficient information and documents to enable us to reach an informed view and to provide a reasonable basis for our advice. We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the Proposed Refreshment of General Mandate. This letter is not to be quoted or referred to, in whole or in part, or shall be used for any other purposes without our prior written consent. In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation regarding the Proposed Refreshment of General Mandate we have considered the following principal factors and reasons:

1. Background information of the Group

The Company principally engaged in the production and sale of lithium iron phosphate (“**LFP**”) cathode materials and automotive specialty chemicals, which included the production of lubricants and engine coolants.

Financial performance of the Group

Set out below is a summary of the Group's financial performance for the six months ended June 30, 2024 and 2025, and the two years ended December 31, 2023 and 2024 as extracted from the Company's interim report for the six months June 30, 2025 (the "**2025 Interim Report**") and annual report for the year ended December 31, 2024 (the "**2024 Annual Report**"), respectively.

Set out below is a summary of the consolidated statement of profit or loss and other comprehensive income of the Group extracted from the 2024 Annual Report and the 2025 Interim Report.

	For the six months ended June 30,		For the year ended December 31,	
	2025	2024	2024	2023
	(<i>unaudited</i>)	(<i>unaudited</i>)	(<i>audited</i>)	(<i>audited</i>)
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Revenue	3,621,880	3,568,612	7,673,051	8,729,479
— Sales of automotive specialty chemicals business	956,051	990,595	1,886,787	1,903,212
— Sales of LFP cathode material business	2,359,175	2,516,515	5,618,865	6,753,628
— Processing for lithium carbonate and raw materials	282,807	57,782	66,004	—
— Other business	23,847	3,720	101,395	72,639
Gross profit	501,194	343,968	670,686	(57,481)
Loss for the year/period attributable to the owners of the Company	(84,194)	(219,233)	(633,042)	(1,233,291)

Consolidated financial performance of the Group for the six months ended June 30, 2025 ("6M2025") and 2024 ("6M2024")

As set out in the above table, the Group recorded revenue of approximately RMB3,621.9 million for 6M2025, which was largely stable as compared to approximately RMB3,568.6 million for 6M2024. The fluctuation in revenue was primarily attributable to the fact that the decrease in revenue generated from the sales of LFP cathode material business was offset by the increase in revenue from the processing for lithium carbonate and raw materials by the Group and the other business segment during 6M2025.

The Group recorded a gross profit of approximately RMB501.2 million for 6M2025, representing an increase of approximately 45.7% as compared to 6M2024. As set out in the 2025 Interim Report, such was mainly due to the reduction in gross loss in the LFP cathode material business during 6M2025. However, such increase was offset by the reduction in other income, gains and losses of approximately RMB37.2 million and the impairment losses of financial assets of approximately RMB11.1 million for 6M2025 as compared to the reversal of impairment loss on financial assets of approximately RMB30.5 million.

As a result, the Group recorded a loss for the period attributable to owners of the Company of approximately RMB84.2 million for 6M2025, as compared to a loss attributable to owners of the Company of approximately RMB219.2 million for 6M2024.

Consolidated financial performance of the Group for the year ended December 31, 2024 (“FY2024”) and 2023 (“FY2023”)

As set out in the 2024 Annual Report, the Group total revenue of approximately RMB7,673.1 million for FY2024, representing a decrease of approximately RMB1,056.4 million or 12.1% as compared to approximately RMB8,729.5 million for FY2023. Such was mainly attributable to: (i) the decrease in revenue from sales of automotive specialty chemicals business of approximately RMB16.4 million; (ii) decrease in revenue from the sales of LFP cathode material business of approximately RMB1,134.8 million due to the decrease in average selling price of LFP cathode materials, which were partly offset by (a) the increase in revenue from other business segment of approximately RMB28.8 million; and (b) the revenue recognised from the lithium carbonate processing business of approximately RMB66.0 million, which was a newly introduced business of the Group during FY2024.

Nonetheless, the Group recorded a turnaround from gross loss of approximately RMB57.5 million during FY2023 to a gross profit of approximately RMB670.0 million for FY2024. Such was mainly attributable to the gross profit margin from the LFP cathode materials business during FY2024 due to the decline in the price of major raw materials, lithium carbonate during the calendar year. The Group also recorded an increase in other income, gains and losses of approximately RMB57.8 million during FY2024, as well as a reversal of impairment losses on financial assets of approximately RMB29.6 million as compared to the impairment losses on financial assets of approximately RMB19.0 million during FY2023.

As a result, the Group recorded decrease in loss attributable to owners of the Company from approximately RMB1,233.3 million for FY2023 to approximately RMB633.0 million for FY2024.

Consolidated financial position of the Group

Set out below is a summary of the financial position of the Group as at December 31, 2024 and June 30, 2025, as extracted from the 2025 Interim Report.

	As at	
	June 30, 2025	December 31, 2024
	(<i>unaudited</i>)	(<i>audited</i>)
	(<i>RMB'000</i>)	(<i>RMB'000</i>)
Non-current assets	8,669,919	8,856,901
— Property, plant and equipment	6,597,764	6,787,868
— Financial assets at fair value through other comprehensive income	141,450	141,450
Current assets	9,174,583	7,198,287
— Cash and cash equivalents	2,663,870	2,509,603
— Financial assets at fair value through profit or loss	1,573,804	505,365
— Financial assets at fair value through other comprehensive income	887,612	296,752
— Prepayments, other receivables and other assets	621,427	757,798
— Time deposits	346,170	—
Total assets	17,844,502	16,066,188
Non-current liabilities	3,569,432	3,386,700
— Bank and other borrowings	2,539,707	2,417,605
— Contract liabilities	41,733	92,296
Current liabilities	10,421,971	8,645,514
— Bank and other borrowings	6,987,062	6,465,700
— Trade and other payables	1,874,640	1,997,116
— Financial liabilities at fair value through profit or loss	1,431,470	—
Total liabilities	13,991,403	12,032,214
Equity attributable to owners of the Company	3,100,433	3,169,748

Note: For the avoidance of doubt, only selected major asset and liability components are disclosed in the table above.

Financial position as at June 30, 2025 and December 31, 2024

Total assets of the Group amounted to approximately RMB17,884.5 million as at June 30, 2025, representing an increase of approximately RMB1,778.3 million or 11.1% as compared to approximately RMB16,066.2 million as at December 31, 2024. Such was mainly attributable to (i) the increase in financial assets at fair value through profit or loss of approximately RMB1,068.4 million; (ii) the increase in financial assets at fair value through other comprehensive income (current and non-current portion) of approximately RMB590.9 million; and (iii) the increase in time deposits of approximately RMB346.2 million, and were partly offset by (i) the decrease in property, plant and equipment of approximately RMB190.1 million and (ii) decrease in prepayments, other receivables and other assets of approximately RMB136.4 million.

Total liabilities of the Group amounted to approximately RMB13,991.4 million as at June 30, 2025, representing an increase of approximately RMB1,959.2 million or 16.3% as compared to December 31, 2024. Such was mainly due to the net effects of (i) the increase in bank and other borrowings (current and non-current portion) of approximately RMB643.5 million; (ii) the increase in financial liabilities at fair value through profit or loss of approximately RMB1,431.5 million; (iii) the decrease in trade and other payables of approximately RMB122.5 million; and (iv) the decrease in contract liabilities of approximately RMB50.6 million.

As set out in the 2025 Interim Report, the Group recorded (i) cash and cash equivalents, and time deposits of approximately RMB3,010.0 million as at June 30, 2025, in aggregate; (ii) total debt (current and non-current portion) of approximately RMB9,526.8 million; and (iii) gearing ratio, which was calculated by total debt, comprising total bank and other borrowings and divided by total equity (the “**Gearing Ratio**”), of approximately 363.1%, as at June 30, 2025, respectively.

It is noted that total equity attributable to owners of the Company amounted to approximately RMB3,853.1 million as at June 30, 2025 as compared to approximately RMB4,023.0 as at December 31, 2024.

2. Background information and fundraising activities of the company in the past twelve months

The Global Offering

The Company was listed on the Main Board of the Stock Exchange on October 30, 2024. The net proceeds from the Global Offering amounted to approximately HK\$495.0 million and gross proceeds of approximately HK\$550.0 million. The Company intends to use the net proceeds in the same manner and proportion as set out in the section headed “Future Plans and Use of Proceeds” of the prospectus of the Company dated October 22, 2024 and there has been no change in the intended use of the net proceeds and the expected timeline. For a

summary of the utilisation of the net proceeds as of June 30, 2025, please refer to the section headed “Use of Proceeds — (A) Global Offering” in the 2025 Interim Report.

The subscriptions

Based on information as set out in the Letter from the Board, we have summarised the background information of the subscription of shares of LBM and PT LBM below.

LBM, being an indirect non-wholly owned subsidiary of the Company (as issuer), PT Akasya Investasi Indonesia and Aisis Alliance L.P. (each as a subscriber), among others, entered into subscription agreement on December 20, 2024 for the subscription of the shares of LBM, representing approximately 34.01% and 11.34% of the enlarged share capital of LBM upon completion at the subscription price of USD150,000,000 and USD50,000,000 respectively. The subscription was completed on February 10, 2025. LBM shall apply no less than 85% of the proceeds of the subscription for the capital and operational expenses for the development of the Indonesia Phase 2 Plant, with funds to be gradually utilised in accordance with the progress of its development. Provided that the funding required for the development of the Indonesia Phase 2 Plant remains unaffected, such proceeds may also be utilised for the operational expenses incurred in the ordinary course of business of the Indonesia Phase 1 Plant and/or the operational expenses incurred in the ordinary course of business of LBM but in any event such utilisation of the proceeds shall not exceed 15% of the total proceeds from the subscription. As of the Latest Practicable Date, the Management advised that part of the proceeds from the subscription has been utilised. Furthermore, as of the Latest Practicable Date, the Company has no intention to change its intended use of the proceeds from the subscription. Details of the utilisation of the subject proceeds as at the Latest Practicable Date are set out in the Letter from the Board.

Pursuant to the subscription agreement entered into between LBM, PT LBM (an indirect non-wholly owned subsidiary of the Company) and LG dated February 21, 2025, PT LBM shall issue to LG, and LG shall subscribe for a total of 255,930.64 newly issued shares of PT LBM for an aggregate subscription price of USD15,970,911.12, which upon issuance will collectively represent 20% of the issued and outstanding share capital of PT LBM on a fully diluted basis. It was originally intended that, PT LBM should apply approximately half of the proceeds from the subscription for the settlement of the final payment to the contractors for the construction of the Indonesia Phase 1 Plant, and the remaining half for the purchase of relevant facilities and equipment for the operation of the Indonesia Phase 1 Plant. The closing of the subscription took place on August 11, 2025. Due to the timing of the receipt of funds from LG, certain payments for construction and purchase of facilities and equipment had been due and payable before the proceeds from the subscription were available for use, and thus they were settled by the Group’s own funds. As such, the proportion of proceeds from

the subscription allocated for the respective intended purposes has been revised to apply the proceeds towards the same intended purposes (i.e. construction and purchase of facilities and equipment of the Indonesia Phase 1 Plant) according to the relevant payment needs and schedule from time to time after the proceeds from the subscription became available for use. Further details of the allocation and utilisation of the subject proceeds as at the Latest Practicable Date are set out in the Letter from the Board.

For further details on the aforesaid subscriptions, please refer to the section headed “D. Fund raising activities of the Company in the past twelve months” as set out in the Letter from the Board.

June Placing

It is also noted that the Company successfully completed the placement (i.e. the June Placing) of 20,000,000 new H Shares (the “**Placing Shares**”) on June 12, 2025, representing (i) approximately 16.67% of the H Shares as enlarged by the allotment and issue of the Placing Shares; and (ii) approximately 2.92% of the total number of Shares in issue as enlarged by the allotment and issue of the Placing Shares, at the material time. The net proceeds raised from the June Placing of approximately HK\$116.9 million was intended for, among others, purchase of raw materials, staff wages and compensation, utilities and taxes, repayment of outstanding debts and transformation of the low conductivity coolant production line, further details of which are set out in the announcements of the Company dated June 4, 2025 and June 12, 2025. For a summary of the utilisation of the net proceeds as of June 30, 2025, please refer to the section headed “Use of Proceeds — (B) Placing” in the 2025 Interim Report.

As set out in the Letter from the Board, it was originally expected that the proceeds would be fully utilised by the end of 2025, among which approximately 17.11% of the proceeds is intended to be used for the transformation of the low conductivity coolant production line (the “**Production Line Transformation**”). Due to extra time incurred for more cautious and prepared initial planning and equipment selection, the implementation of the Production Line Transformation was delayed, which affected the timing of utilisation of such proportion of the proceeds. For further details of the utilisation of the proceeds as at the Latest Practicable Date, please refer to the Letter from the Board.

The Existing H Share General Mandate was fully utilised by the June Placing and there has not been any refreshment of the general mandate of the Company to issue new Shares since the AGM up to the Latest Practicable Date.

Proposed placement of A Shares under a specific mandate

It is further noted from the circular of the Company dated August 29, 2025 that the Company proposed to issue not more than 205,523,670 A Shares to not more than 35 specific target subscribers under a specific mandate, which was approved by the Shareholders on September 17, 2025. The issuance of A Shares shall be carried out at an appropriate time within the validity period of the approval of the CSRC on the consent for registration after review and approval by the Shanghai Stock Exchange, and the resolution for the issuance of A Shares to specific target shall be valid for a period of 12 months, commencing from the date on which the relevant proposals were considered and approved by the Shareholders on September 17, 2025. The proceeds from such issuance of A Shares shall be no more than RMB2.0 billion, and will be entirely used for construction of high-performance phosphate iron-based positive electrode material (磷酸鹽型正極材料) project and general working capital.

As at the Latest Practicable Date, the Company has not carried out any issuance of A Shares under the specific mandate and has not identified any potential subscribers nor entered into any agreement with any potential subscriber in relation to such issuance of A Shares, and the Company has no intention to change its intended use of proceeds to be raised from such issuance of A Shares. For further details, please refer to the Letter from the Board.

3. Reasons for the grant of the New General Mandate

We noted from the Letter from the Board that during the period from the date of grant of the Existing H Share General Mandate to the Latest Practicable Date, the Existing H Share General Mandate (i.e. 20,000,000 H Shares) has been fully utilised as a result of the June Placing.

As the next annual general meeting of the Company will not be held until around May 2026 (i.e. the 2026 AGM), if any appropriate fundraising opportunity with attractive terms arises before the 2026 AGM, the Company will not have the flexibility to promptly meet business development and funding needs, seize fundraising and investment opportunities for about seven months. Given the current economic and market conditions and the Groups needs for business development and its intention to optimise the capital structure and financial robustness, the Company believes that the grant of the New General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole to allow the Company to have the option to expeditiously raise funds if suitable business opportunities are available.

We have summarised the major reasons for the grant of the New General Mandate from the Letter from the Board below:

- (1) Increased capital requirements arising from business development opportunities, driven by several key factors: (a) the sustained growth momentum demonstrated in the lithium battery market in 2025, evidenced by, among others, increasing order volume as LFP batteries accounted for 81.4% of installed capacity, new energy projects recording an year-on-year increase of approximately 181.6% and the LFP material shipments totaled to 1.61 million tons, representing an increase of approximately 68%; (b) the higher requirements on charging speed and driving range, and energy storage systems, which demands for high-voltage LFP products; (c) global shift among overseas markets and manufacturers to transition from ternary lithium batteries to LFP batteries; and (d) execution of agreements between the Group and various domestic and overseas enterprises for the supply of LFP materials in coming years, which the Group may expand its production capacity to meet the growing demand, further details of which are set out in the announcements of the Company and the Letter from the Board;
- (2) Flexibility to raise funds and to optimise financial position and capital structure and that alternative financing such as debt/equity financing methods may not be appropriate after considering (a) the asset-liability ratio of approximately 79.24%; (b) the amount of interest-bearing liabilities of approximately RMB8.420 billion; and (c) the level of the Group's total borrowing; and
- (3) Previously raised funds have been allocated by the Group for specific intended purposes and are not intended for providing support to the Group's future development, in particular, due to the rapid expansion of the Group's business scale, the demand for capital input and operating capital has been increasing. In order to meet the growing capital needs, the Group has carried out a number of financing activities. However, the previously raised funds are intended to be applied towards certain specific purposes, the proceeds from previous fundraising activities that can be used for general purposes and working capital may not fully meet the funding needs arising from the Group's rapid business expansion, and thus the Group may require further capital in order to support its further development needs.

For further details regarding the above, please refer to the section headed "C. Reasons for the grant of the New General Mandate" in the Letter from the Board.

It is also noted that, save as disclosed in the Letter from the Board, the Company has not entered into any agreement, arrangement, understanding or undertaking in respect of any proposed issue of new Shares under the New General Mandate as at the Latest Practicable Date.

Having considered factors including the following:

- (i) the Group's strategy of, among others, (a) focusing on overseas market development and actively expanding new customers; (b) completing key projects and advancement in overseas and raw material production capacity; (c) prioritising innovation and research and development; and (d) multi-channel financing to provide adequate fund security, as set out in the 2025 Interim Report, the effective implementation of which would benefit from additional capital;
- (ii) the positive prospect in the lithium energy market as demonstrated by the increasing order volumes and installed capacity of LFP batteries in 2025, which shall continue to drive the demand of LFP materials or batteries in forthcoming periods, underscoring the Group's need for capacity expansion of LFP products to meet overseas market demand, which in turn would drive the Group's further funding demand for capital investment, business expansion as well as working capital for its operations;
- (iii) the cashflow needs for the continuous development of the Group's operations and for its investments as analysed under the section headed "1. Background information of the Group" during the year ended December 31, 2024 and six months ended June 30, 2025 will continue into the second half of 2025 and beyond as advised by the Management;
- (iv) the consolidated financial position of the Group as at June 30, 2025, including the gearing ratio of approximately 361.12% and over 70% of the Group's interest-bearing borrowings, which amounted to approximately RMB6,987.1 million will mature within one year from June 30, 2025 based on the 2025 Interim Report. Based on our discussion with the Management, it is in the interests of the Company for the Group to maintain a certain level of cash for repayment and/or refinancing of its loans as they fall due in the short term and conducting further debt financing exercise may be time consuming, increases the Group's gearing ratio and not considered to be feasible at the moment;
- (v) any significant funds raised previously were allocated for designated purposes, including (a) the listing proceeds being primarily allocated for expenditures relating to the Phase II development of the Indonesia project and the new LMFP production line at the Xiangyang plant in Hubei Province; and (b) the proposed issuance of A shares to specific target (details of which are set out in the circular published by the Company on 29 August 2025) is primarily intended to use for construction of high-performance phosphate iron-based positive electrode material project to address the surging demand from downstream customers for high-performance phosphate iron-based positive electrode products, of which the review and

approval process is relatively lengthy and therefore cannot satisfy the Group's short-term financing needs, thus there is a need for adopting further financing methods to meet future development needs;

- (vi) as the next annual general meeting will only be held in or around mid of 2026, the New General Mandate, if granted, will provide the Directors with flexibility for any future allotment and issuance of new A Shares, H Shares and/or convertible securities within the prescribed limits as and when considered necessary and appropriate. Such will be more efficient than having to seek Shareholders' approval at a later stage when potential investor(s) becomes available, as the administrative and regulatory approval procedures would be time consuming. On this basis, fund raising exercise to be undertaken pursuant to a general mandate is simpler and more time efficient than other types of fundraising exercises such as specific mandate, and it also reduces the uncertainties around the timing of fundraising exercises; and
- (vii) a general mandate is a right but not an obligation, in the absence of fundraising opportunities at reasonable terms to the Company, the Directors are not required to proceed with the subject fundraising exercise at their discretions,

we are of the view that the Proposed Refreshment of General Mandate is fair and reasonable and is in the interests of the Company and the Shareholders as a Whole.

4. Other financing alternatives

As set out in the Letter from the Board and based on our discussion with the Company, we are given to understand that prior to conducting fundraising activities, the Management would consider other equity financing methods such as rights issue, open offer and/or issuance of new Shares/convertible securities under specific mandate in addition to the equity financing under the New General Mandate. However, it is noted that (i) rights issue or open offer may be lengthy given the administrative and regulatory approval procedures as compared to placement of new Shares as it may involve substantial completion time and may incur notable costs, including professional fees and/or underwriting commissions; and (ii) issuing new Shares and/or convertible securities under a specific mandate generally requires a longer time compared to issuing new Shares under a general mandate as well as it may involve finalisation of fundraising plan, preparation, printing and despatch of the relevant circular and any other required documents, as well as the holding and convening of extraordinary general meeting on each occasion of issue. As such, rights issues, open offers, and the issuance of new Shares and/or convertible securities under a specific mandate may or may not be appropriate fundraising means to satisfy the financing needs of the Company at the relevant time.

The Group may also consider other financing alternatives such as debt financing and bank borrowings. The Group shall evaluate the costs and other terms of the then available financing alternatives(s) before deciding on the most suitable financing method(s). In connection with debt financing and bank borrowings, it is noted that such will increase the interest burden, financial risks and liquidity risks on the Group and may involve lengthy due diligence, negotiations with the subject financial institution(s), and potential pledging of the Group's assets as collaterals. Considering that the Group's gearing ratio (being bank and other borrowings and divided by total equity) increased from approximately 299.09% as at December 31, 2024 to approximately 363.12% as at June 30, 2025, additional debt financing and/or borrowings would further increase the Group's overall debt position, thereby placing additional pressure on the Group's overall capital structure.

Having considered that equity financing under a general mandate (i) will not give rise to overall cash outflow arising from repayment nor interest obligations on the Group as compared with debt financing and/or bank borrowing; (ii) will enable the Company to respond to the market promptly as issuing new Shares under a general mandate is considered to be relatively straight forward, less costly and less time-consuming than raising funds through rights issue, open offer or a specific mandate; and (iii) will enable the Company to seize capital raising or prospective investment opportunities in a timely manner, we concur with the Management's view that the Proposed Refreshment of General Mandate is in the interests of the Company and its Shareholders as a whole.

5. Potential dilution to the shareholding of the Shareholders

The new general mandate proposed to be sought at the EGM will authorise the Board to allot, issue and deal with A Shares and/or H Shares, or securities convertible into such shares, options, warrants or similar rights to subscribe for any of the Shares, not exceeding 20% of the total number of the A Shares and H Shares in issue (excluding any treasury shares) as at the date on which the relevant resolution is passed at the EGM.

Based on information as set out in the Letter from the Board, we herewith set out the following shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full utilisation of the New General Mandate (assuming that there is no change in the total number of issued Shares from the Latest Practicable Date up to the date of the full utilisation of the New General Mandate), for illustrative purposes:

Table 1: Assuming only A Shares are issued pursuant to the New General Mandate

Class of Shares	As at the Latest Practicable Date			Immediately after the full utilisation of New General Mandate		
	Approximate percentage of the relevant Number of Shares	Approximate percentage of the total issued Shares (%) ¹	Approximate percentage of the total issued Shares (%) ¹	Approximate percentage of the relevant Number of Shares	Approximate percentage of the total issued Shares (%) ¹	Approximate percentage of the total issued Shares (%) ¹
<i>Assuming only A Shares are issued pursuant to the New General Mandate</i>						
A Shares						
<i>Non-public Shareholders</i>						
SHI Junfeng ²	212,662,195	37.77	31.14	212,662,195	30.40	25.95
ZHU Xianglan ²	23,618,649	4.20	3.46	23,618,649	3.38	2.88
Nanjing Bailey Venture Capital Center (Limited Partnership) ²	1,901,208	0.34	0.28	1,901,208	0.27	0.23
LU Zhenya ³	241,988	0.04	0.04	241,988	0.03	0.03
QIN Jian ³	230,832	0.04	0.03	230,832	0.03	0.03
SHEN Zhiyong ³	218,112	0.04	0.03	218,112	0.03	0.03
ZHANG Yi ³	195,792	0.03	0.03	195,792	0.03	0.02
XU Suxia ³	33,056	0.01	<0.01	33,056	<0.01	<0.01
Total number of A Shares held by the non-public shareholders	<u>239,101,832</u>	<u>42.47</u>	<u>35.01</u>	<u>239,101,832</u>	<u>34.18</u>	<u>29.17</u>
<i>Public Shareholders</i>						
Other Shareholders of A Shares	323,894,671	57.53	47.42	323,894,671	46.30	39.52
Maximum number of A Shares to be issued under the New General Mandate	—	—	—	136,599,300	19.53	16.67
Total number of A Shares held by the public shareholders	<u>323,894,671</u>	<u>57.53</u>	<u>47.42</u>	<u>460,493,971</u>	<u>65.82</u>	<u>56.19</u>
Total number of A Shares (excluding the 2,082,400 A Shares held by the Company as treasury shares)	<u>562,996,503</u>	<u>100.00</u>	<u>82.43</u>	<u>699,595,803</u>	<u>100.00</u>	<u>85.36</u>

Class of Shares	As at the Latest Practicable Date			Immediately after the full utilisation of New General Mandate		
	<i>Approximate percentage of the relevant Number of Shares</i>	<i>Approximate percentage of the total class of Shares (%)¹</i>	<i>Approximate percentage of the total issued Shares (%)¹</i>	<i>Approximate percentage of the relevant Number of Shares</i>	<i>Approximate percentage of the total class of Shares (%)¹</i>	<i>Approximate percentage of the total issued Shares (%)¹</i>
H Shares						
Public Shareholders						
Shareholders of H Shares	120,000,000	100.00	17.57	120,000,000	100.00	14.64
Total number of H Shares	<u>120,000,000</u>	<u>100.00</u>	<u>17.57</u>	<u>120,000,000</u>	<u>100.00</u>	<u>14.64</u>
Total number of Shares held by the existing public shareholders of A Shares and H Shares	<u>443,894,671</u>		<u>64.99</u>	<u>443,894,671</u>		<u>54.16</u>
Total number of Shares held by all public shareholders of A Shares and H Shares	<u>443,894,671</u>		<u>64.99</u>	<u>580,493,971</u>		<u>70.83</u>
Total number of issued Shares (excluding the 2,082,400 A Shares held by the Company as treasury shares)	<u>682,996,503</u>		<u>100.00</u>	<u>819,595,803</u>		<u>100.00</u>

Table 2: Assuming only H Shares are issued pursuant to the New General Mandate

Class of Shares	As at the Latest Practicable Date			Immediately after the full utilisation of New General Mandate		
	Approximate		Approximate	Approximate		Approximate
	percentage of	percentage of	the relevant	percentage of	percentage of	the relevant
	the relevant	the total	the total	the relevant	the total	the total
	Number of	class of	issued Shares	Number of	class of	issued Shares
	Shares	Shares (%)	(%) ¹	Shares	Shares (%)	(%)
<i>Assuming only H Shares are issued pursuant to the New General Mandate</i>						
A Shares						
<i>Non-public Shareholders</i>						
SHI Junfeng ²	212,662,195	37.77	31.04	212,662,195	37.77	25.95
ZHU Xianglan ²	23,618,649	4.20	3.46	23,618,649	4.20	2.88
Nanjing Bailey Venture Capital Center (Limited Partnership) ²	1,901,208	0.34	0.28	1,901,208	0.34	0.23
LU Zhenya ³	241,988	0.04	0.04	241,988	0.04	0.03
QIN Jian ³	230,832	0.04	0.03	230,832	0.04	0.03
SHEN Zhiyong ³	218,112	0.04	0.03	218,112	0.04	0.03
ZHANG Yi ³	195,792	0.03	0.03	195,792	0.03	0.02
XU Suxia ³	33,056	0.01	<0.01	33,056	0.01	<0.01
Total number of A Shares held by the non-public shareholders	<u>239,101,832</u>	<u>42.47</u>	<u>35.01</u>	<u>239,101,832</u>	<u>42.47</u>	<u>29.17</u>
<i>Public Shareholders</i>						
Other Shareholders of A Shares	323,894,671	57.53	47.42	323,894,671	57.53	39.52
Total number of A Shares (excluding the 2,082,400 A Shares held by the Company as treasury shares)	<u>562,996,503</u>	<u>100.00</u>	<u>82.43</u>	<u>562,996,503</u>	<u>100.00</u>	<u>68.69</u>
H Shares						
<i>Public Shareholders</i>						
Shareholders of H Shares	120,000,000	100.00	17.57	120,000,000	46.77	14.64
Maximum number of H Shares to be issued under the New General Mandate	—	—	—	136,599,300	53.23	16.67
Total H Shares	<u>120,000,000</u>	<u>100.00</u>	<u>17.57</u>	<u>256,599,300</u>	<u>100.00</u>	<u>31.31</u>
Total number of Shares held by the existing public shareholders of A Shares and H Shares	<u>443,894,671</u>		<u>64.99</u>	<u>443,894,671</u>		<u>54.16</u>
Total number of Shares held by the public shareholders of A Shares and H Shares	<u>443,894,671</u>		<u>64.99</u>	<u>580,493,971</u>		<u>70.83</u>
Total number of Shares (excluding the 2,082,400 A Shares held by the Company as treasury shares)	<u>682,996,503</u>		<u>100.00</u>	<u>819,595,803</u>		<u>100.00</u>

Notes:

1. The figures have not taken into account the 2,082,400 A Shares held by the Company as treasury shares at the Latest Practicable Date.
2. Mr. SHI Junfeng (i.e. Mr. Shi) is the spouse of Ms. ZHU Xianglan (i.e. Ms. Zhu). Nanjing Bailey Venture Capital Center (Limited Partnership) (南京貝利創業投資中心(有限合夥)) (i.e. Nanjing Bailey) is a limited partnership established in the PRC, holding 1,901,208 A Shares, which is managed by Lopal International Holdings Co., Ltd. (龍蟠國際控股有限公司) (i.e. Lopal International) as its general partner. Lopal International is a limited company established in the PRC, which is owned as to 90% by Mr. Shi and 10% by Ms. Zhu. Mr. Shi, Ms. Zhu and Nanjing Bailey together hold 238,182,052 A Shares, representing approximately 34.87% and 29.06% of the total issued Shares (excluding treasury shares) at the Latest Practicable Date and immediately after the full utilisation of the New General Mandate, respectively.
3. Each of Mr. LU Zhenya, Mr. QIN Jian, Mr. SHEN Zhiyong and Mr. ZHANG Yi is an executive director of the Company. Ms. XU Suxia is spouse of Mr. QIN Jian. Thus, each of Mr. LU Zhenya, Mr. QIN Jian, Mr. SHEN Zhiyong, Mr. ZHANG Yi and Ms. XU Suxia are core connected persons of the Company and are non-public shareholders.
4. The percentages may not add up to total due to rounding.

Based on the aforesaid tables, assuming that there is no change in the total number of issued Shares from the Latest Practicable Date up to the date of the full utilisation of the New General Mandate, the dilutive effect on the public Shareholders' shareholding will be as follows:

- (i) under the scenario that assuming only A Shares are issued pursuant to the New General Mandate and excluding the 2,082,400 A Shares held by the Company as treasury shares, while the shareholding of all the public A Shareholders will increase from approximately 47.42% of the total issued Shares to approximately 56.19% upon issuance of new A Shares under the New General Mandate, the shareholding of the existing public A Shareholders will decrease from approximately 47.42% of the total issued Shares to approximately 39.52% and the shareholding of the existing public H Shareholders (including Harvest International Premium Value (Secondary Market) Fund SPC and other Shareholders of H Shares as set out in the table) will decrease from approximately 17.57% of the total issued Shares to approximately 14.64%; and
- (ii) under the scenario that assuming only H Shares are issued pursuant to the New General Mandate and excluding the 2,082,400 A Shares held by the Company as treasury shares, while the shareholding of all the public H Shareholders will increase from approximately 17.57% of the total issued Shares to approximately 31.31% upon issuance of new H Shares under the New General Mandate, the shareholding of the existing public H Shareholders will decrease from approximately 17.57% of the total issued Shares to approximately 14.64% and the shareholding of the public A Shareholders will decrease from approximately 47.42% of the total issued Shares to approximately 39.52%.

On this basis, the existing public A Shareholders and public H Shareholders will have a potential maximum dilution in their respective percentage shareholding of approximately 7.90% and approximately 2.93% following the full utilisation of the New General Mandate.

Upon the utilisation of the New General Mandate, the existing public Shareholders will subject to a dilution to their shareholding. However, we noted that (i) in the event the New General Mandate is not utilised, the shareholding of the respective existing Shareholders will not subject to a dilution; (ii) the shareholdings of all existing Shareholders (i.e. not just the existing public Shareholders) will be diluted proportionately to their respective shareholding upon any utilisation of the New General Mandate; and (iii) the reasons for the grant of the New General Mandate as described above.

Taking into account the above and having considered (i) the potential maximum decrease in percentage shareholding of the existing public A Shareholders and public H Shareholders of approximately 7.90% and approximately 2.93% respectively is reasonable; (ii) the price of the new Shares to be issued under the general mandate shall comply with the issue price parameters pursuant to the relevant Listing Rules, we concur with the view of the Management that the potential dilution in shareholding is generally acceptable and shall not override the benefits of the Proposed Refreshment of General Mandate.

RECOMMENDATION

Having considered of the above principal factors and reasons, we are of the view that the Proposed Refreshment of General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant special resolution to approve the Proposed Refreshment of General Mandate at the EGM.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited
Lewis Lai
Managing Director

Mr. Lewis Lai is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 18 years of experience in the corporate finance industry.

** for identification purposes only*

NOTICE OF THE EXTRAORDINARY GENERAL MEETING



Jiangsu Lopal Tech. Group Co., Ltd. 江蘇龍蟠科技集團股份有限公司

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

(Stock Code: 2465)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Jiangsu Lopal Tech. Group Co., Ltd. (“**Company**”, together with its subsidiaries, the “**Group**”) will be held at 2nd Floor, Large Conference Room, No. 6 Hengtong Avenue, Nanjing Economic and Technological Development Zone, Nanjing, Jiangsu Province, PRC on December 31, 2025 at 2:00 p.m. for the purpose of considering, and if thought fit, approving the following resolutions.

Unless otherwise stated, the capitalized terms used herein shall have the same meanings as defined in the circular of the Company dated December 9, 2025 (the “**Circular**”), of which the notice convening the EGM shall form part.

SPECIAL RESOLUTIONS

1. To consider and approve the “2025 Share Option Incentive Scheme of Jiangsu Lopal Tech. Group Co., Ltd.” and its summary.
2. To consider and approve the “Administrative Measures for the Implementation and Appraisal of the 2025 Share Option Incentive Scheme of Jiangsu Lopal Tech. Group Co., Ltd.”.
3. To consider and approve the resolution to authorise the board of directors of the Company (the “**Board**”) to deal with matters related to the 2025 Share Option Incentive Scheme of the Company.
4. To consider and approve:
 - (a) that the Existing General Mandates be and are hereby replaced by the New General Mandate;

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

- (b) that, subject to the following provisions of this resolution, the proposed grant of the New General Mandate to the Board to allot, issue and deal with the A Shares and/or H Shares or securities which may be converted into such Shares, options, warrants or similar rights to subscribe for any A shares and/or H Shares (“**Similar Rights**”) be and is hereby generally and unconditionally approved, and that the Board be and is hereby generally and unconditionally authorized to determine the terms and conditions for the allotment, issuance and disposal of new Shares or Similar Rights;
- (c) the number of the A Shares or H Shares (excluding the Shares issued by way of the conversion of capital reserve into share capital) to be allotted, issued and dealt with (whether pursuant to a share option or otherwise) determined by the Board in accordance with the New General Mandate shall not exceed 20% of the total number of Shares in issue (excluding any treasury shares) at the time when this resolution is passed at the EGM;
- (d) the effective period of the New General Mandate shall commence from the date of passing of this resolution at the EGM to the earliest of the following dates:
 - a. the conclusion of the Company’s next annual general meeting to be held in 2026; or
 - b. the revocation or variation of the New General Mandate granted to the Board under this resolution passed by the shareholders of the Company at the general meeting of the Company; and
- (e) that the board of directors of the Company and its delegates (where applicable) be authorized (i) to make amendments to the articles of association of the Company as it thinks fit so as to reflect the new share capital structure upon the issuance or allotment of additional shares of the Company pursuant to the general mandate; and (ii) to approve, execute and implement all such documents, do all such acts and things or take any steps in connection with and to give effect to the New General Mandate to the extent permitted by applicable laws and regulations.

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTIONS

5. To consider and approve the Proposed Provision of Financial Assistance to a Controlled Subsidiary.
6. To consider and approve the extension of the period of 30 days during which the Company's register of members may be closed under section 632(1) of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("**Companies Ordinance**") during the calendar year 2025 to 60 days pursuant to section 632(3) and section 632(4) of the Companies Ordinance.

By order of the Board
Jiangsu Lopal Tech. Group Co., Ltd.
SHI Junfeng
Chairman

Nanjing, PRC
December 9, 2025

Notes:

- (1) The register of members of the Company will not be closed for the purpose of determining the eligibility to attend and vote at the EGM. Holders of H shares in the share capital of the Company with a nominal value of RMB1.00 each, which are traded in Hong Kong dollar and listed on the Hong Kong Stock Exchange (the "**H Shares**"), whose names appear on the registers of members of the Company on December 23, 2025 shall be entitled to attend and vote at the EGM. In order for the holders of H Shares to qualify to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on December 23, 2025 for registration.
- (2) Each holder of H Shares may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the EGM (or any adjournment thereof) on his behalf. A proxy need not be a Shareholder.
- (3) Holders of H Shares must use the form of proxy of the Company for appointing a proxy and the appointment must be in writing. The form of proxy must be signed by the relevant shareholder of the Company or by a person duly authorized by the relevant shareholder of the Company in writing (a "**power of attorney**"). If the form of proxy is signed by the person authorized by the relevant shareholder of the Company as aforesaid, the relevant power of attorney and other relevant documents of authorization (if any) must be notarized. If a corporate shareholder of the Company appoints a person other than its legal representative to attend the EGM (or any adjournment thereof) on its behalf, the relevant form of proxy must be affixed with the company seal of the corporate shareholder of the Company or duly signed by the chairman of the board of directors or any other person duly authorized by that corporate shareholder of the Company as required by the articles of association of the Company.
- (4) To be valid, the form of proxy and the relevant notarized power of attorney (if any) and other relevant documents of authorization (if any) as mentioned in note (3) above must be delivered to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited (address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong), not less than 24 hours before the time appointed for the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a Shareholder from attending and voting in person at the EGM if he/she so wishes.

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

- (5) Shareholders may contact the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited by telephone at (852) 2862 8555 or by email to hkinfo@computershare.com.hk in connection with the EGM.
- (6) A Shareholder or his proxy should produce proof of identity when attending the EGM (or any adjournment thereof). If a corporate shareholder's legal representative or any other person duly authorized by such corporate shareholder attends the EGM (or any adjournment thereof), such legal representative or other person shall produce his proof of identity, proof of designation as legal representative and/or the valid authorization document (as the case may be).
- (7) The EGM (or any adjournment thereof) is expected to last for an hour. Shareholders who attend the EGM (or any adjournment thereof) shall bear their own travelling and accommodation expenses.

As at the date of this notice, the Board comprises Mr. SHI Junfeng, Mr. LU Zhenya, Mr. QIN Jian, Mr. SHEN Zhiyong and Mr. ZHANG Yi as executive Directors; Ms. ZHU Xianglan as non-executive Director; and Mr. LI Qingwen, Mr. YE Xin, Ms. GENG Chengxuan and Mr. HONG Kam Le as independent non-executive Directors