



TIANNENG POWER
INTERNATIONAL LIMITED
天能動力國際有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 00819



2025
ANNUAL REPORT

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CORPORATE INFORMATION

Executive Directors

Dr. Zhang Tianren (*Chairman*)
Mr. Zhang Aogen
Mr. Shi Borong
Mr. Zhang Kaihong
Mr. Zhou Jianzhong

Independent Non-Executive Directors

Mr. Huang Dongliang
Mr. Zhang Yong
Mr. Xiao Gang
Dr. Guo Yuantao

Audit Committee Members

Mr. Huang Dongliang (*Chairman*)
Mr. Zhang Yong
Mr. Xiao Gang

Remuneration Committee Members

Mr. Xiao Gang (*Chairman*)
Mr. Huang Dongliang
Mr. Zhang Aogen

Nomination Committee Members

Dr. Zhang Tianren (*Chairman*)
Mr. Huang Dongliang
Mr. Xiao Gang
Dr. Guo Yuantao

Company Secretary

Ms. Hui Wai Man Shirley

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35th Floor, One Pacific Place,
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Statutory Address

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KY1-1111
Cayman Islands

CORPORATE INFORMATION

Principal Place of Business in Hong Kong

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Central Plaza,
18 Harbour Road, Wanchai,
Hong Kong

Principal Share Registrar

Conyers Trust Company (Cayman) Limited
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KY1-1111,
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Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Public Relations

Porda Havas International Finance Communications (Group)
Holdings Company Limited
25/F, Two Sky Parc,
51 Hung To Road, Kwun Tong,
Kowloon, Hong Kong

Listing Information

The Stock Exchange of Hong Kong Limited
Stock Code: 00819

Company's Website

<http://www.tianneng.com.hk>

FINANCIAL HIGHLIGHTS

Financial Highlights

(Amounts are expressed in thousand of RMB except per share data)

Consolidated Statement of Comprehensive Income (Note 1)

	2025	2024	2023	2022	2021
Revenue	53,798,904	76,668,813	83,890,973	74,598,641	85,615,917
Profit/(loss) before taxation	1,993,202	1,892,013	2,563,485	2,738,841	1,836,942
Taxation	(330,250)	(594,106)	(727,780)	(659,163)	(285,730)
Profit/(loss) for the year	1,662,952	1,297,907	1,835,705	2,079,678	1,551,212
Non-controlling interests	226,194	155,502	13,869	283,293	251,260
Profit/(loss) attributable to owners of the Company	1,436,758	1,142,405	1,821,836	1,796,385	1,299,952
Earnings/(loss) per share (RMB/share)					
– Basic	1.28	1.01	1.62	1.60	1.15
– Diluted	1.28	1.01	1.59	1.57	1.13

Consolidated Statement of Financial Position (Note 2)

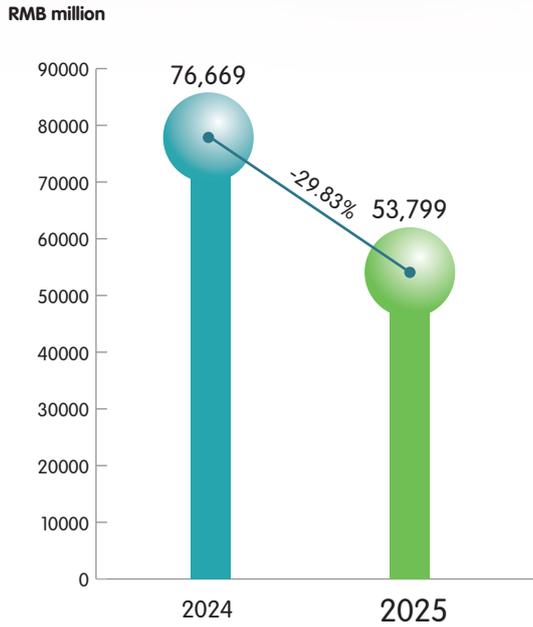
	Year ended 31 December				
	2025	2024	2023	2022	2021
Total assets	55,139,418	55,280,555	46,750,952	40,135,923	32,738,944
Total liabilities	34,821,311	36,371,632	28,306,329	22,969,749	17,362,012
Net assets/Total equity	20,318,107	18,908,923	18,444,623	17,166,174	15,376,932

Notes:

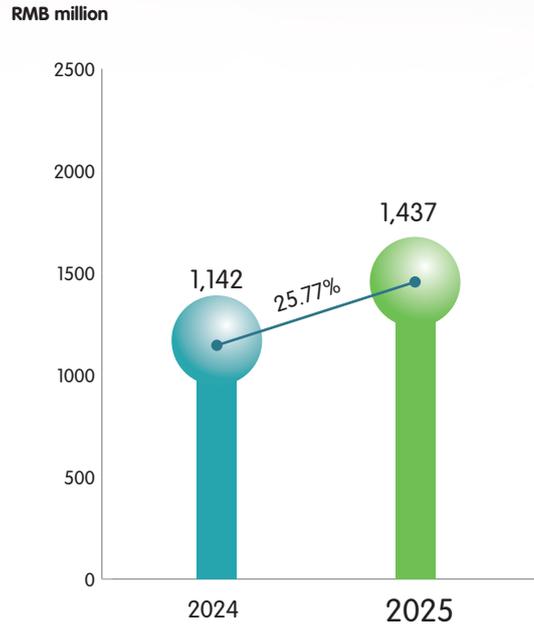
- The results for the year ended 31 December 2021 are set out on page 72 of the Annual Report 2021 of the Company. The results for the year ended 31 December 2022 are set out on page 73 of the Annual Report 2022 of the Company. The results for the year ended 31 December 2023 are set out on page 73 of the Annual Report 2023 of the Company. The results for 2024 are set out on page 81 of the 2024 Annual Report of the Company. The results for 2025 are set out on page 76 of the 2025 Annual Report of the Company. All such information is extracted from the financial statements prepared under HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants.
- The consolidated statement of financial position as at 31 December 2021 is set out on page 73 of the Annual Report 2021 of the Company. The consolidated statement of financial position as at 31 December 2022 is set out on page 74 of the Annual Report 2022 of the Company. The consolidated statement of financial position is set out on page 74 of the 2023 Annual Report of the Company. The consolidated statement of financial position as at 31 December 2024 is set out on page 82 of the Annual Report 2024 of the Company. The consolidated statement of financial position as at 31 December 2025 is set out on page 77 of the Annual Report 2025 of the Company. All such information is extracted from the financial statements prepared under HKFRS Accounting Standards.

FINANCIAL HIGHLIGHTS

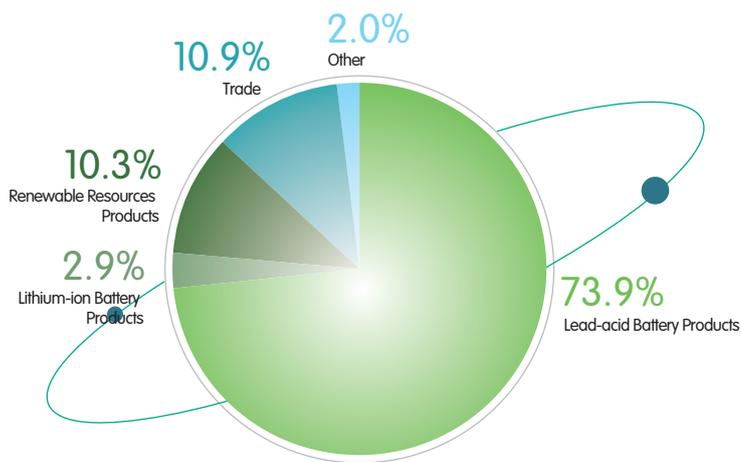
Sales Turnover



Profit Attributable to Shareholders



Segment Turnover



Note: Lead-acid battery products are mainly applied in bicycle (tricycle) battery, four-wheeler battery, tubular battery, starter and start-stop batteries for automobiles, energy storage battery and standby battery.

CHAIRMAN'S STATEMENT



Moving Forward Through Change, Shaping the Future Through Action

Dear Shareholders,

On behalf of the board of directors of Tianneng Power International Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**” or “**Tianneng**”), I would like to present the annual report of the Company for the year ended 31 December 2025 (the “**Year**”) to all Shareholders.

CHAIRMAN'S STATEMENT

Over the past year, the global industrial landscape has continued to evolve, with technological transformation, energy transition and shifts to globalization pathways advancing in tandem. Reflecting on our development journey, Tianneng has grown from a local enterprise by navigating multiple industry cycles and market fluctuations. We have come to deeply understand that enterprises must continuously progress amidst change. We have devoted sustained efforts to maintaining close relationships with our customers and responding to market needs, while continuously refining our products and capability. This has gradually strengthened our operational resilience and enabled us to respond calmly to challenges posed by global economic pressures and intensifying industry competition.

In 2025, the Group maintained overall stable business operations, with growth in key operating indicators. During the Year, the Group recorded an operating income of approximately RMB53,799 million, of which the manufacturing business contributed approximately RMB47,918 million, representing a year-on-year increase of 10.01%; net profit attributable to the parent of approximately RMB1,437 million, representing a year-on-year increase of 25.77%; and net cash flow generated from operating activities of approximately RMB5,191 million, representing an increase of RMB4,642 million compared to the same period last year.

"Stability" means safeguarding our foundation and maintaining a prudent cash flow buffer—continuously strengthening, deepening and refining our core business. "Progress" means adhering to a long-term approach in our business segments, entering scenarios of genuine demand with greater agility, and scaling up gradually only after validating orders and delivery capabilities. In 2025, while continuously reinforcing our core business in terms of product strength, manufacturing capability and channel power, we also steadfastly advanced research and development (R&D) investment and organizational capability building aligned with new quality productive forces and energy transition directions, thereby accumulating momentum for long-cycle development:

Consolidating the Foundation of Eco-Friendly Motive Batteries Business through Manufacturing Upgrades and Channel Management

As a battery and energy solutions provider, our lead-acid battery products are widely used in mass-market applications such as light electric vehicles, closely tied to daily commuting, logistics distribution and urban services industries. Over the past year, with the revision and refinement of the industry standards for light electric vehicles and the advancement of related "trade-ins" policies, market demand for safe, compliant and durable motive batteries has been further unleashed. The comprehensive advantages of lead-acid batteries in terms of safety, durability and life-cycle costs have also positioned them as one of the widely adopted mature technological pathways under the standardized framework.

We have continuously advanced intelligent manufacturing upgrades for lead-acid batteries, focusing on production efficiency, quality consistency and delivery stability. The Group has promoted the development of smart factories at production bases in Zhejiang, Jiangsu, Henan and other provinces, integrating 5G, the Internet of Things (IoT) and artificial intelligence (AI) throughout the entire production process. Notably, our Puyang production base was recognized as a "Super Energy-Efficient Factory" by Henan Province, China, reflecting the Group's comprehensive competitiveness in manufacturing. Such capability building has enabled us to retain customers and safeguard our market position through more stable supply, better-controlled costs and consistent product quality amid intensifying industry competition and evolving demand structures.

At the same time, we placed greater emphasis on collaborative management across the value chain. The Group closely monitors downstream inventory levels, sales momentum and end-market feedback. Through optimizing production and supply arrangements and adjusting the product mix, we continuously enhanced product adaptability in actual sales scenarios, enabling our channels to serve market demand more effectively. We have consolidated cooperation with over 3,000 downstream distributors and vehicle manufacturers, striving to achieve sustainable operational returns together with our partners.

Driving Exponential Growth in Other Segments through Agile Market Entry and Strategic Expansion

As new market segments often feature fiercer competition, longer cultivation cycles and heavier investment, the Group has adhered to a more prudent and verifiable approach: initially deploying relatively controllable resources to validate demand and delivery capabilities in a swift manner; as industry dynamics have gradually become clear, we have shifted our focus toward absorbing existing capacity and unlocking its potential, emphasizing operational efficiency and business quality improvements. In 2025, the Group's lithium-ion battery business recorded an operating income of approximately RMB1,541 million, a year-on-year increase exceeding 222.20%. Its operational performance improved significantly compared to previous periods, with losses continuing to narrow. This positive shift stemmed from our practical exploration of niche application areas better aligned with our strengths. We have systematically advanced product promotion and customer development across application scenarios including power generation-side, grid-side as well as industrial and commercial-side energy storage, industrial forklifts, in-vehicle lithium batteries, and telecommunications energy storage. Concurrently, we have prudently managed capacity investment, primarily advancing existing orders and addressing confirmed demand to avoid reckless expansion.

We regard the recycling business as a crucial pillar of our "sustainable value system" and a key capability for the Group in resource efficiency and industrial synergy. In 2025, the Group's recycling business recorded revenue growth and improved operating results. The value of our recycling system has been further demonstrated in resource acquisition, cost resilience and synergy with core businesses. In the lead-acid battery recycling sector, leveraging the industrial foundation and network advantages built up over years, we have strengthened coordination with our core business in channels, customers, and delivery schedules. While ensuring supply stability, we have effectively mitigated cyclical fluctuations and enhanced our ability to flexibly adjust inventory and recycling rhythms. Meanwhile, the Group has progressively extended capabilities within its recycling system, exploring recovery pathways and commercialization possibilities for other high-value metals based on existing technologies and processes, thereby expanding value potential of the recycling business.

In the lithium-ion battery recycling sector, the industry is undergoing profound adjustment and structural rationalization. In 2025, as the relevant policy environment gradually improved and cross-border trade and circulation conditions improved, the Group continuously expanded upstream channels and received its first batch of recycling feedstock from overseas markets, accumulating operational experience for subsequent business development. Throughout this process, we have placed greater emphasis on the synchronous enhancement of standardized processes, technological stability and operational efficiency to ensure business continuity during industry reshuffling and build resilience to navigate cycles. We believe that value realization in the recycling industry is founded upon long-term investment, standardized execution and industrial synergy. The Group will continue to consolidate fundamentals with determination, gradually demonstrating its strategic value in future competition.

CHAIRMAN'S STATEMENT

Regarding other battery technology pathways, our initiatives build upon existing industrial foundations while preserving greater flexibility for future business expansion. Sodium-ion batteries are being explored for feasibility in automotive starter and start-stop applications; solid-state batteries have begun aligning with market demands; R&D and application scenario research in fields such as hydrogen fuel cells have also continued. Overall, the Group has maintained a steady and progressive pace in developing new businesses. We continuously refine our development path through actual orders, market feedback, and operational outcomes, building momentum for sustained growth.

Pursuing the Difficult Yet Right Path to Overseas Expansion through Long-Termism and Localized Operations

We fully recognize that globalization is not a linear process, and opportunities often manifest in phases. Overseas markets have become a key direction for the coordinated development of Tianneng's businesses, gradually forming a development model that combines export sales with localized operations. Among these, the lead-acid battery business has begun moving toward localized operations in overseas markets. Simultaneously, the Group's other businesses have achieved substantive sales through direct and indirect exports. In 2025, the Group recorded revenue from overseas markets of approximately RMB540 million, representing a year-on-year increase exceeding 76.09%. As related businesses have continuously advanced, we adhere to a market approach tailored to local conditions: differentiating products based on local demands as well as building channel and service systems with local partners, thereby turning globalized service capabilities into a replicable standard capability.

The path to globalization is fraught with challenges. We are fully prepared for the difficulties while holding firm confidence in long-term value. We embrace long-termism to secure certainty: only by building a solid foundation in compliant operations, stable quality, delivery capabilities and after-sales systems can we earn higher-quality customer relationships and achieve more stable growth in overseas markets.

Upholding Manufacturing Fundamentals while Continuously Upgrading System Capabilities

From a longer-term perspective, competition in the manufacturing industry is undergoing profound transformation. Technological advancement, digital applications and global collaborative networks are redefining the development paradigm of the real economy. The Group remains steadfast in its manufacturing ethos while continuously enhancing capabilities in technology, efficiency and system synergy, enabling closer connections among products, capacity and markets. By strengthening linkages between R&D, manufacturing, marketing and services, we strive to extend value creation from individual stages to end-to-end integration, enabling products and solutions to respond more directly to customer needs while allowing customer feedback to further drive continuous optimization of technology and capabilities.

Appreciation

Looking back on the previous year, the progress achieved by the Group would not have been possible without the professional dedication of all employees and the long-term support of customers, business partners and Shareholders. Amidst an ever-changing environment, we encourage open communication and continuous learning, value diverse perspectives from all stakeholders, and maintain humility and self-reflection in practice, transforming challenges into opportunities for advancement. On behalf of the Board, I extend my sincere gratitude to all who have shown concern and support for Tianneng's development.

Looking ahead, the external environment will remain dynamic, yet the long-term value of the real economy remains clear. The Group will continue to uphold a prudent and pragmatic development approach—consolidating our foundation while steadily advancing new initiatives and explorations. We will also move forward together with all of you, jointly driving the Group toward steady long-term development through solid operations and continuous investment, thereby creating long-term value that stands the test of time.

Proposed Dividend

For the year ended 31 December 2025, the Company's basic earnings per share were approximately RMB1.28. We propose to declare a cash dividend of HK\$36 cents per ordinary share (the "**Share(s)**") held by Shareholders of Tianneng Power. The proposal shall be subject to consideration and approval by Shareholders at the annual general meeting to be held on 8 June 2026.

Chairman

Dr. ZHANG Tianren

Hong Kong, 27 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY PROFILE

Tianneng Power International Limited (the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**” or “**Tianneng**”) was founded in 1986 and was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in 2007 (stock code: 00819.HK), with its headquarters located in the People’s Republic of China (the “**PRC**” or “**China**”). The Group has established a business system centered on lead-acid batteries and the coordinated development of multiple technological routes, focusing on the needs of power and energy applications. The Group is committed to offering customers diversified battery products and energy solutions, encompassing research and development (R&D), manufacturing, sales, collection, recycling and related services.

The Group’s lead-acid battery products are widely used in motive power applications for light electric vehicles and also extend to multiple segments, including backup power supply, automotive batteries and special-purpose industrial motive batteries. The Group has built a stable product base and customer base across these applications. While continuously strengthening its existing business system, the Group actively advances its lithium-ion (Li-ion) battery business in response to diverse applications and technology pathways. In parallel, the Group is advancing R&D and product development in areas including solid-state batteries, sodium-ion batteries, and hydrogen fuel cells. Moreover, we are actively expanding recycling and regeneration operations for used lead-acid batteries and used Li-ion batteries, promoting synergistic across the battery recycling value chain. Building on a solid domestic business foundation, the Group is steadily advancing its internationalisation strategy, continuously enhancing its overall competitiveness, and pursuing long-term, stable and sustainable development.



OPERATION REVIEW

During the reporting period ended 31 December 2025 (the “**Reporting Period**”), the Group proactively adapted to changes in the macroeconomic environment and industrial landscape, upholding a strategy centred on strategic guidance and reform. While reinforcing the core competitiveness of its high-end eco-friendly battery business, the Group accelerated the diversified development of its new energy battery business, further strengthened its circular economy system, steadily expanded its global presence, and driving all business segments toward high-quality and sustainable development.

The high-end eco-friendly battery business is an important pillar of the Group's steady operations, consistently providing stable cash flow and operational resilience amid a complex environment. In response to market adjustments arising from the implementation of relevant policies and standards such as the "Safety Technical Specification for Electric Bicycle" (《電動自行車安全技術規範》) (the "New National Standard"), the Group leveraged its differentiated product matrix across multiple applications and its well-established distribution network to maintain overall sales stability. By strengthening intelligent manufacturing upgrades and dynamic cost management, the Group consolidated its core cost advantages. While maintaining its leadership position in the light electric vehicle motive batteries market, the Group actively expanded into application segments such as backup power supply, automotive batteries, and special-purpose industrial motive batteries, continuously deepening customer cooperation and international expansion to unlock broader business growth opportunities.

The new energy battery business serves as an important driver of the Group's growth across diversified technologies and application areas, supporting medium-term expansion while building long-term technology reserves. The lithium-ion ("Li-ion") battery business, covering energy storage and motive power applications, has developed around advanced technologies, diverse application scenarios, and ecosystem synergies, with both business scale and operating performance improving. It has achieved in-depth expansion across multiple application scenarios and successfully expanded into overseas markets. The solid-state battery business has steadily advanced in product development and commercialization focusing on specific applications. Products for applications like electric motorcycles, low-altitude aircraft, and robotics have completed sample introduction, and the Group has commenced cooperation with certain downstream customers. Sodium-ion battery R&D has made breakthroughs, with validation underway for automotive starting and start-stop applications, light motive power, and energy storage applications. The hydrogen fuel cell business, guided by a multi-scenario product strategy, has delivered orders across diverse applications, including buses, heavy-duty trucks, two-wheeled vehicles, and power stations. The parallel advancement of multiple technology pathways and progress in market-oriented breakthroughs have injected fresh momentum into the Group's long-term development.



MANAGEMENT DISCUSSION AND ANALYSIS

The circular economy system is an important component of the Group's long-term competitive advantage and a key support for promoting synergies with its main businesses and enhancing overall operational efficiency. The Group has consistently deepened its presence in the recycling industry, and has constructed a mature and standardized recycling and process system, as well as an efficient, intensive and coordinated circular economy industrial chain. During the Reporting Period, the lead-acid battery recycling business leveraged the synergies advantages of its full industry chain and a mature cost control system to achieve overall stable operational growth, with annual processing capacity of exceeding one million tonnes. Its recycling network was further consolidated, with both processing scale and profitability improving. The Li-ion battery resource recycling business continued to refine its end-to-end technical system, achieving industry-leading recovery rates for critical metals. The Group completed its first overseas import of regenerated black mass feedstock and progressively built a supply channel network spanning domestic and international markets. Leveraging scalable processing capabilities and industrial chain synergies, the Group has successfully established a national-level green recycling demonstration project and continues to strengthen its recycling business in terms of technological systems, operational capabilities and risk management, thereby gradually reinforcing the supporting role of the recycling business within the Group's overall business structure.

The Group's internationalization strategy is an important lever for extending its value chain on the basis of its existing business framework and enhancing its over all competitiveness. Targeting key markets across Southeast Asia, Europe, Africa, and Latin America, the Group has advanced its localized operational layout tailored to regional market demands, business environments, and channel characteristics. By establishing regional sales networks, engaging local partners, and improving its service systems, the Group has systematically elevated brand recognition while fostering an industrial ecosystem with upstream and downstream synergies. During the Reporting Period, the Group's full-process production base in Vietnam officially commenced operation and its assembly base achieved full capacity ramp-up. Overseas sales now cover more than 100 countries, and entered into strategic cooperation with a number of well-known enterprises in energy storage, motive power, and other application fields, achieving breakthrough growth. The enhancement of the Group's international brand influence and market competitiveness has effectively supported the sustained development of all business lines across diverse market environments.



High-end Eco-friendly Batteries

High-end eco-friendly batteries are sealed maintenance-free lead-acid battery products developed by the Group through continuous R&D and technological innovation. During the Reporting Period, the high-end eco-friendly battery business recorded an operating income of approximately RMB39,766 million.

Lead-acid batteries possess comprehensive advantages in terms of performance and cost. The Group's products include eco-friendly motive batteries, backup power supply, automotive batteries and motive batteries for special industrial vehicles, which are widely used in light electric vehicles, communication base stations, data centers, automobiles and special industrial vehicles. By leveraging a unified technology platform and a lean manufacturing system, the Group has optimized product performance and expanded application scenarios, thereby reinforcing its overall competitiveness across diversified markets.

Eco-friendly Motive Batteries

Eco-friendly motive batteries are a key product category within the Group's high-end eco-friendly batteries business, comprising a diversified portfolio of lead-acid battery products with multiple models and specifications primarily serving applications areas such as light electric vehicles. In 2025, the Group focused on enhancing operational resilience and business stability in this segment by consistently improving production efficiency, advancing technological upgrades, and optimising its product structures.

Lead-acid batteries are highly compatible with the needs of the light electric vehicle market, and have long served as the mainstream power solution in this sector. According to the "2025 Research Report on China's Two-Wheeled Electric Vehicle Industry (《2025年中國兩輪電動車行業研究報告》)" by iResearch, the number of two-wheeled electric vehicles in use in China has exceeded 420 million. Data from Insight and Info indicates that as of the end of 2024, the number of three-wheeled electric vehicles in use in China reached approximately 70 million, with annual sales maintained at around 15 million units, thereby creating stable replacement demand in the existing market for two- and three-wheeled electric vehicles. Following the official implementation of the New National Standard in 2025, adjustments to key indicators such as vehicle weight limits have further enhanced the suitability of lead-acid batteries in eco-friendly mobility applications. Meanwhile, the New National Standard have also fostered industry standardization and the orderly elimination of outdated production capacity. Such developments have a differentiated impact on battery manufacturers with compliant production capabilities, stable manufacturing systems, and sound product quality assurance capabilities, thereby helping to further improve the competitive landscape of the industry.

In terms of products and technology, the Group has fully leveraged the synergistic capabilities of its high-end innovation platforms, including the National-Level Enterprise Technology Center, National-Level Postdoctoral Research Workstation, National Demonstration Academician Workstation, and Provincial Key Enterprise Laboratories, to enhance product performance and expand application scenarios. During the Reporting Period, the Group further enriched its differentiated product matrix covering multiple application scenarios including two-wheeled electric vehicles, three-wheeled vehicles, and low-speed four-wheeled vehicles.



To address the risk of fluctuations in raw material prices, the Group has established a cross-departmental coordination mechanism to dynamically adjust its procurement and inventory strategies. Through measures such as the application of new materials, process improvements, equipment upgrades, and refined management, the Group has systematically advanced technology-driven cost reduction to reinforce its cost competitiveness. In terms of production capacity layout, the Group operates more than ten manufacturing bases across China and has established localized manufacturing capabilities overseas, with Vietnam as the starting point. The assembly base in Vietnam has reached full production and full sales, and the production base also successfully held its commissioning ceremony at the end of 2025, providing reliable support for the sustainable development of the Group's business.

By extensively deploying intelligent manufacturing bases and upgrading production equipment, the Group has effectively enhanced manufacturing efficiency, supply chain resilience and cost control capabilities. During the Reporting Period, the Group fully advanced the development of smart factories in Zhejiang, Jiangsu, Henan and other locations, through the deep integration of 5G, IoT and AI technologies, achieving digital and intelligent upgrades across the entire production process. The Group is committed to building and promoting an industry-leading smart factory standard system leveraging its self-developed intelligent manufacturing cloud platform and intelligent solutions for multiple application scenarios. At the end of the Reporting Period, the Group had three national-level "5G Factory" projects; the Taijiang base obtained the Intelligent Manufacturing Maturity Level 3 Certification; and the Puyang base was recognized as a "Super Energy Efficiency Factory" in Henan Province, demonstrating the Group's competitive advantages in the high-end manufacturing sector.



In terms of market expansion and marketing innovation, the Group has solidified its position as an industry-leading brand and improved a service system centred on user value. As at the end of the Reporting Period, the Group had over 3,000 distributors covering more than 400,000 retail outlets, serving hundreds of millions of light electric vehicle users. In addition, the Group has leveraged digital tools to empower terminal operations, becoming the first in the industry to establish an integrated online and offline user service platform that connects service scenarios such as maintenance, repair, inspection and evaluation. This helps optimize value distribution across the value chain and enhance channel efficiency and market competitiveness.

Regarding internationalization strategy, the Group has leveraged the capacity release of its assembly and production bases in Vietnam as an important foothold to advance localized operations in target markets, including Southeast Asia, Europe and Africa. Through a model combining product adaptation, channel development and service expansion overseas, the Group's overseas business has achieved significant growth and received positive market feedback, providing strong support for the Group in building its competitiveness in global markets.

Backup Power Supply Business

In 2025, driven by multiple factors, including energy transition and accelerated development of computing power infrastructure, the backup power supply market underwent rapid expansion. With significant cost advantages and operational stability, lead-acid batteries have been extensively applied in sectors such as communications base stations and data centers. The Group seized industry opportunities and steadily deepened the application of lead-acid batteries in the backup power supply field. During the Reporting Period, the Group advanced material formulation and process upgrades to comprehensively boost product performance, building a product matrix covering multiple applications scenarios. Market expansion yielded notable results, with the successful delivery of multiple orders. In terms of internationalization, the Group accelerated cooperation with leading overseas enterprises and actively built a global cooperation network. As the computing power era continues to develop rapidly, the Group is committed to providing data centers with highly stable and secure power supply solutions.

MANAGEMENT DISCUSSION AND ANALYSIS

Automotive Battery Business

The Group's automotive battery business focuses on power system solutions for vehicle starting and start-stop applications, with new technology R&D, new material applications and new product developments as its core drivers. These efforts have led to advancements in key technical indicators, bringing them to industry leading levels. During the Reporting Period, AGM/EFB batteries tailored for start-stop vehicles, EFB parking air-conditioning batteries for commercial vehicles, and high-performance maintenance-free starter batteries developed by the Group won market recognition for their excellent quality. During the Reporting Period, the Group achieved remarkable results in business expansion. The Group has entered into cooperation with multiple vehicle manufacturers, strengthening collaboration with strategic clients, as well as improving its market share in OEMs market. Its channel business has added over 100 new first distributors. By improving the product and service system and applicable new energy vehicle products, the Group further strengthened its market coverage, laying a solid foundation for future growth.



Motive Batteries for Special Industrial Business

The Group steadily expanded its special industrial motive battery business, achieving significant growth in operating results. In terms of product iteration, leveraging industry-leading technologies, the Group focused on developing battery products with key advantages such as a wide temperature range and high rate capability, catering to motive power demands of various sectors, including forklifts, automated guided vehicles ("AGVs"), and intelligent warehousing equipment. In market expansion, the Group actively carried out in-depth cooperation with several leading enterprises in the construction machinery industry, while simultaneously accelerating its global expansion by working with international partners to jointly explore global markets. Due to its strong product capabilities and remarkable market performance, the Group was included in multiple authoritative industry rankings, including the "Top 20 Suppliers of Three-Electric Systems for Construction/Mining Machinery 2025" and "Top 20 Components Suppliers for Aerial Work Platforms 2025". These honours further solidified the Group's position among leading global brands in construction machinery components, injecting fresh momentum into business growth.

New Energy Batteries

Li-ion Batteries

The Group has strategically laid out its Li-ion battery business and has now established vertical capabilities spanning from battery cells to system integration, as well as the construction, delivery, operation and maintenance of ESS power stations. Centered on diversified application scenarios in energy storage and motive power, the Group continues to advance capability building and market expansion. The Group's Li-ion battery products and solutions are primarily applied in energy storage projects on the power generation side, grid side and user side. They also serve specialized markets such as low-speed electric vehicles, special industrial vehicles and parking air-conditioning systems. The business is progressively extending into emerging sectors such as marine applications, the low-altitude economy and robotics. During the Reporting Period, the Group's Li-ion battery business recorded operating income of approximately RMB1,541 million, with its operational quality and efficiency improving significantly compared with the previous year.

In terms of capability development, the Group has focused on full-chain technological R&D and process optimization across materials, cells, systems and applications. By iterating its material systems and refining manufacturing processes, the Group has enhanced product performance while effectively managing costs. Regarding the cells, the Group's self-developed high-capacity cells have been certified by the China Electric Power Research Institute and China Classification Society, with single-cell capacity reaching an industry-leading level. Regarding system integration, the Group's self-developed containerized and cabinet-type energy storage products have obtained national standards and overseas export certifications. The energy storage energy management system ("EMS") has obtained authoritative certifications, including compliance with national standards (e.g., GB/T 42726), CNAS and CMA certifications. It was also honoured with the "Outstanding Product Award for Large-Scale Energy Storage EMS" by Hangjia Net. Relevant products have obtained both overseas export certifications and certification under the New National Standard, providing fundamental support for market access and large-scale application.



MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group closely monitored evolving market demands and steadily improved capacity utilization and production efficiency of Li-ion battery business through refined capacity layout and production line configuration, along with flexible adjustment of production schedules. Furthermore, based on the product structure and delivery characteristics, the Group further strengthened lean management and process optimization across cell manufacturing, system integration and supply chain coordination. This approach effectively enhanced raw material supply security, strengthens cost control and maintained consistent product quality, thereby comprehensively elevating overall operational stability and project delivery capabilities.

At the market and project level, the Group continued to advance its presence in core markets, achieving a number of substantive results. In the ESS sector, the Group led the construction of several large-scale industrial and commercial ESS projects on both the grid-source side and user side, achieving fully in-house execution across the entire project lifecycle from development to operation and maintenance. Additionally, the Group successfully won bids for equipment supply for major energy storage projects of PowerChina and secured cooperation orders for large-scale photovoltaic-storage power stations in Africa, integrated photovoltaic-storage-computing power stations in Malaysia, and distributed grid-side power stations in Japan. Regarding the motive power segment, the Group launched multiple product solutions tailored to market demands. Notably, the Group's parking Li-ion batteries for start-stop trucks and vehicle-mounted air-conditioning systems, have gained strong market recognition. The industrial motive Li-ion battery product matrix is suitable for forklifts, aerial work platforms, AGVs and other types of equipment, satisfying application requirements under complex operating conditions.



In terms of international expansion, the Group has focused on emerging markets spanning South Africa, Latin America, Europe, Australia, the Middle East and Southeast Asia. Tailored to regional demands, the Group has propelled project execution through diversified models such as EPC consortia, build-transfer model and equipment sales. Additionally, the Group has entered into long-term framework agreements with key local partners to progressively improve its business layout in multiple target markets. Moreover, the Group has showcased its products at international exhibitions, deepening exchanges with international research institutions and industry associations, alongside localized cooperation with overseas governments and major energy companies, continuously reinforcing foundational capabilities in technical standards, service networks and industrial synergies.

As the Group's Li-ion battery business has made solid progress across product R&D, project delivery and market expansion, the achievements it has made have also garnered attention and recognition from industry institutions. During the Reporting Period, the Group was honoured with authoritative industry awards, including the "Leading Enterprise in Energy Storage Batteries (儲能電池領先企業)" and "Quality Gold Award for Energy Storage Industry (儲能產業品質金獎)" at the Golden Storage Award (金儲獎) presented by China Electric Power Technology Market Association (中國電力技術市場協會) and Energy Storage China Network (儲能中國網), as well as the "Annual Emerging Enterprise Award (年度新銳企業)" presented by Northstar Energy Storage Network (北極星儲能).

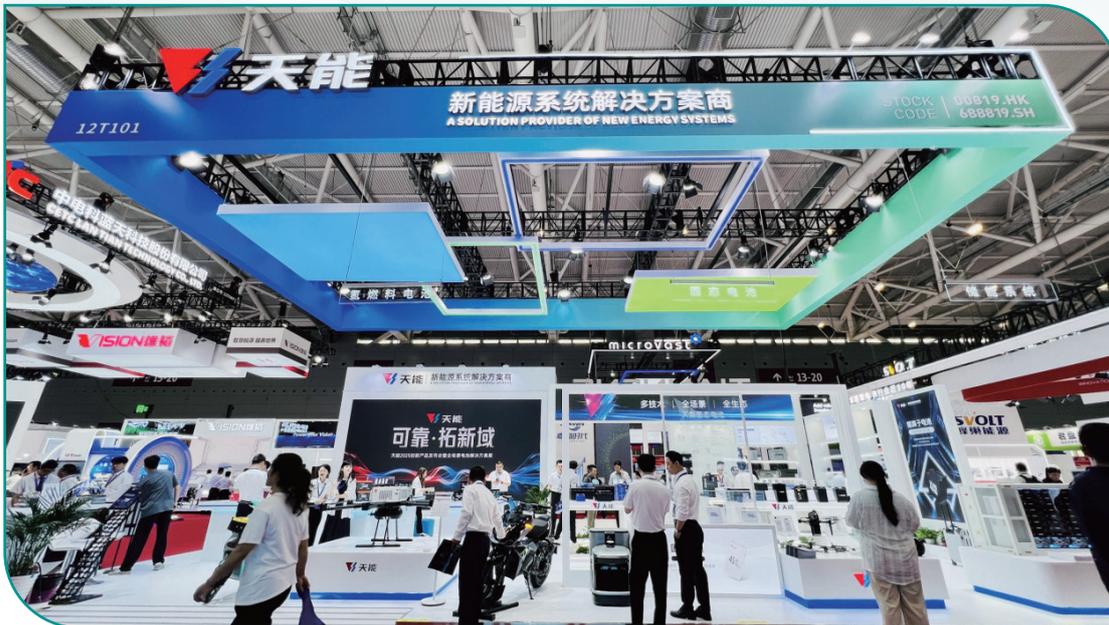
Solid-State Batteries

As demand for high-performance batteries continues to grow across diverse applications, solid-state batteries, as a next-generation battery technology, possess broad development prospects. At the beginning of China's 15th Five-Year Plan period, the Ministry of Industry and Information Technology of the PRC (the "MIIT") explicitly proposed accelerating breakthroughs in key technologies such as solid-state batteries, enhancing the independence and controllability of industrial and supply chains, and promoting high-quality industry development. Leveraging the dual drivers of policy guidance and industrial transformation, the Group has actively intensified its R&D efforts and explored commercial applications in hybrid solid-liquid batteries and solid-state batteries technologies.

In terms of technological R&D, the Group has focused on achieving technical breakthroughs in areas such as high specific energy, long cycle life and high rate performance, advancing the optimization of material systems and manufacturing processes. It also participated in the research and formulation of multiple international and national standards. During the Reporting Period, the Group's products successfully passed the first batch of solid-state battery tests organized by the MIIT, with the tested cells demonstrating industry-leading levels in safety and stability.

Regarding commercialization exploration, the Group has attained phased progress across various specific application scenarios. In the two-wheeled electric vehicle segment, the Group's newly launched hybrid solid-liquid battery products have demonstrated outstanding performance in safety, energy density, low-temperature adaptability, and charging efficiency. Strategic cooperation has been established with several prominent two-wheeled electric vehicle enterprises, with the relevant products have entered the sample delivery and small-batch trial sales stage. In the unmanned aerial vehicles (UAVs) and robotics sectors, the Group's battery solutions featuring long cycle life are being jointly advanced with key industry clients for product validation and small-batch sales, continuously accumulating practical application experience.

Furthermore, by participating in industry events such as the 2025 China International Battery Technology Exchange Conference/Exhibition ("CIBF") and the 2026 Summit Forum on Silicon-Based Anode and Solid-State Batteries (2026矽基負極與固態電池高峰論壇) (the "Forum"), the Group has introduced new products and engaged in thematic exchanges thereby continuously enhancing its brand influence. In recognition of its early-stage commercialization and outstanding performance in the commercialization process, the Group was honoured with the "Pioneer Award for Solid-State Battery Industrialization (固態電池產業化先鋒獎)" at the Forum.



Sodium-ion Batteries

Against the backdrop of the continuous evolution in new energy technology pathways, sodium-ion batteries, as an essential component of diversified electrochemical systems, are entering a critical stage of transition from technological validation to large-scale application. In 2025, eight departments, including the MIIT, issued the Action Plan for the High-Quality Development of Emerging Energy Storage Manufacturing Industry, explicitly proposing to accelerated integration and application of large-scale sodium battery energy storage technologies to support the construction of new power systems. The Group has integrated sodium-ion batteries as a complementary focus within its existing business system, steadily advancing its deployment in application scenarios with practical demand and feasible implementation conditions.

The Group has achieved full-chain technological deployment and industrialization of sodium-ion batteries, encompassing core materials, cell design, and system integration, with its overall technological level at the forefront of the industry. Besides, building on its accumulated experience in motive power and ESS businesses, the Group has further focused on automotive starter and start-stop systems. Leveraging its extensive channel network, the Group advanced various demonstration applications and market expansion.

In terms of technology reserves, the Group has continuously advanced R&D efforts targeting key performance indicators. Self-developed polyanion system battery cells have demonstrated remarkable performance in cycle life, rate capability and wide-temperature performance. Development of new prismatic battery cells and other products is underway at the same time, laying the foundation for expansion into diversified application scenarios. Moreover, the Group has actively participated in the formulation of standards, contributing to multiple international and national standards during the Reporting Period. These efforts have helped to gradually clarify technology pathways and industry standards, thereby forming a development pattern in which technology R&D and standards development reinforce each other.

Regarding scenario-based validation, the Group upholds a practice-oriented approach to verify commercial feasibility. In the automotive starter and start-stop battery sector, the Group's "Tianna (天鈉)" series products have demonstrated excellent performance, and have achieved market sales, with penetration in the automotive aftermarket continuing to increase. In the light motive power and special industrial power fields, engagement with prominent vehicle manufacturers and sample testing have commenced, progressively accumulating application data. In the ESS segment, technical validation and product development focused on high safety and low cost have been completed. The Group has also undertaken provincial-level science and technology projects, with demonstration applications to be carried out in the next phase.

During the Reporting Period, the Group's sodium-ion battery business achieved positive progress in market expansion and application practice, receiving multiple industry awards including the GGII Sodium Battery Golden Globe Awards (高工鈉電金球獎) for "Annual Market Development Award (年度市場開拓獎)" and "Sodium Battery Application Development Pioneer (鈉電應用開拓先鋒)", as well as the Qidian Sodium Battery Golden Tripod Award (起點鈉電金鼎獎) for "Leadership Brand in Cell Technology of Sodium Battery (鈉電池電芯技術領導品牌)" and "Pioneer Brand in Downstream Application Development of Sodium Battery (鈉電池下遊應用開拓先鋒品牌)". These awards reflect the phased progress and industry recognition achieved by the Group's sodium-ion battery business.

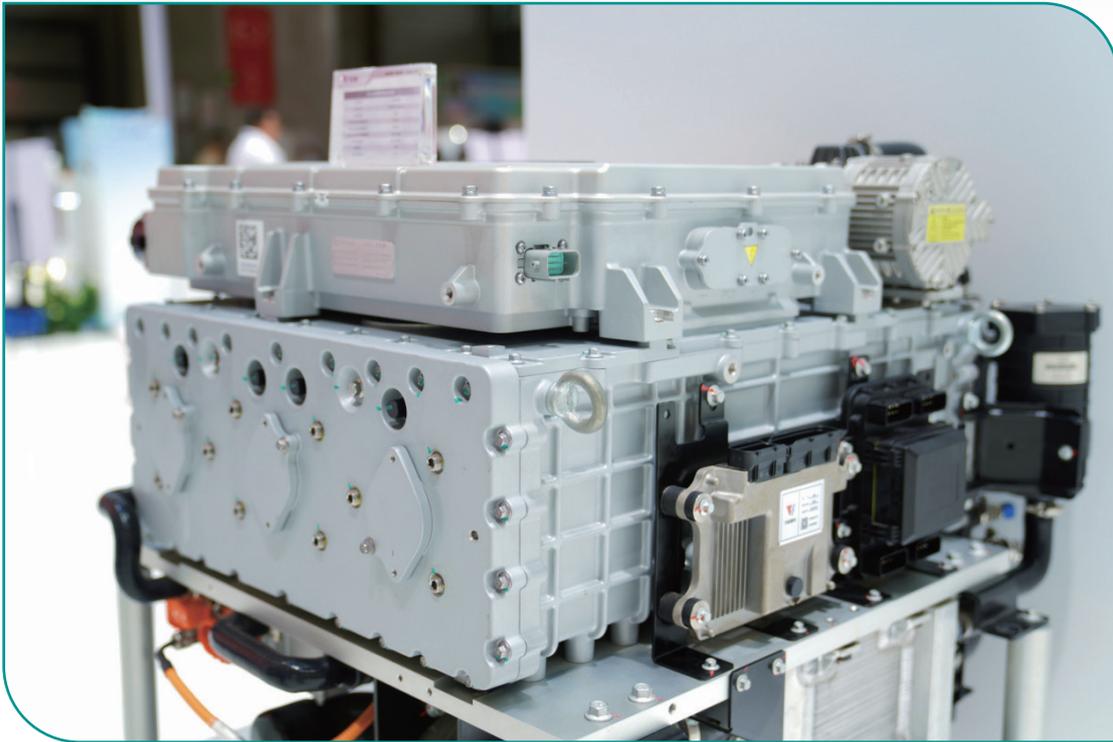


MANAGEMENT DISCUSSION AND ANALYSIS

Hydrogen Fuel Cells Business

China Hydrogen Energy Development Report (2025) 《中國氫能發展報告(2025)》 explicitly identifies 2025 as a pivotal year for tackling the hydrogen energy industry's "economic inflection point". In response to changes in the pace of industry development, the Group has consistently maintained a dual-core focus on long-term technological accumulation and commercially viable applications. Leveraging a full-chain forward R&D system, the Group has assembled a specialized R&D team led by national-level talents and seasoned industry experts, continuously reinforcing our technological foundation and development momentum during this period of industrial adjustment.

In terms of technology and products, the Group has systematically advanced its development around core hydrogen fuel cell technologies, establishing a full-chain self-developed R&D and industrialization system spanning membrane electrode assemblies (MEAs), bipolar plates, stacks, and fuel cell systems. The performance of the core products has reached an advanced level domestically. A series of fuel cell system products have been finalised, which have performed well in demonstration applications. Particularly, the 80kW fuel cell system was successfully selected for inclusion in the 2025 List of Innovative Product Application Demonstration Cases in the Yangtze River Delta Region (2025 年度長三角區域創新產品應用示範案例名單) and was officially recognized as the 2024 First Set of Equipment in Zhejiang Province's Manufacturing Industry. Moreover, the 160kW fuel cell engine won the First Prize of New Industrial Products of Zhejiang Provincial Industrial New Products (浙江省工業新產品一等獎).



In terms of market expansion, the Group has advanced market promotion aligning with the current commercialization conditions of the hydrogen energy industry, focusing on application scenarios with practical demand and a basis for implementation. During the Reporting Period, the Group prioritized initial delivery and application validation for high-power generation systems catering to hydrogen energy storage demands and hydrogen-powered two-wheelers in specific application scenarios. Meanwhile, the Group has continuously improved its customer service system and industrial collaboration ecosystem, deepening coordination with OEMs, and other upstream and downstream industry partners. We have successfully secured and fulfilled orders in multiple regions for fuel cell heavy-duty truck systems, hydrogen-powered two-wheeler motive systems, fuel cell power generation systems for power stations, and hydrogen storage systems, laying a solid market foundation for subsequent large-scale commercialization.

Recycling Industry

Recycling of High-End Eco-Friendly Batteries

As a globally leading manufacturer and recycler of high-end eco-friendly batteries, the Group has consistently positioned its resource recycling business as a core strategic priority, supporting the sustainable development of its core business and the implementation of the Extended Producer Responsibility system. During the Reporting Period, the Group's high-end eco-friendly battery recycling and utilization business recorded external operating income of approximately RMB4,340 million.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2025, amidst industry-wide challenges such as overcapacity in the lead recycling and processing industry and fluctuations in metal prices, the Group leveraged the synergistic advantages of its full closed-loop industry chain spanning lead-acid battery manufacturing, recycling, regeneration and utilization, together with its forward-looking strategic layout, industry-leading cost control capabilities, cross-cycle inventory management and a mature recycling system, driving steady growth in the recycling business and demonstrating strong development resilience. Against the backdrop of the deepening implementation of the “Dual Carbon” goals and the systematic upgrading of the resource recycling strategy, the Group’s lead-acid battery recycling operations have maintained efficient operations, supported by four circular economy industrial bases across China and more than fifteen years of industry experience.

In term of recycling network and channel development, the Group has systematically advanced its strategy, focusing on regulatory compliance and network sinking. Recycling pilot qualifications have been obtained in key regions, including Zhejiang Province, Jiangsu Province and Anhui Province, solidifying the foundation for business operations. Building upon existing industrial presence, the Group has established a sinking recycling network covering critical regions, with over 300 cooperative collection points that have significantly improved recycling reach and regional response efficiency. Moreover, by capitalizing on the comprehensive advantages of brand credibility and standardized disposal capabilities, the Group has strengthened its ability to secure high-quality scrap resources through market-oriented approaches. While actively pursuing diversified cooperation models, the Group has continuously enhanced raw material security and overall stability of the recycling system under strict adherence to the National Hazardous Waste Management Specifications.



In terms of technological R&D and production operations, the Group has established an integrated technology and operational system covering the entire recycling and processing process, achieving coordinated operation from pretreatment, crushing and sorting, smelting and purification, as well as environmentally sound disposal. The production base integrates oxygen-enriched side-blown smelting process with automated crushing and sorting equipment. By applying key technologies such as side-blown furnace efficiency enhancement and purification of refined lead, combined with refined operational management, the Group has continuously improved production efficiency and optimized its cost structure. On this foundation, the lead-acid battery recycling business has maintained a relatively strong position in the industry across core indicators including metal recovery rates and energy utilization efficiency, providing support for the stable operation and long-term development of the business.

As environmental protection regulations and industry standards become increasingly stringent, the trend of industry consolidation is gradually emerging. Enterprises possessing compliance qualifications, scalable operations, and technological capabilities and industry-chain synergies will maintain relative competitive advantages. Looking ahead, the Group will continue to further improve its recycling network and production system on the existing foundation, steadily advance process optimization and cost structure improvements, and prudently respond to changes in the external environment. The Group is committed to steering its recycling operations toward greater operational stability, with profitability and risk resilience continuing to improve, reinforcing the strategic supporting role of this business segment within the Group's overall business structure.

Recycling of Li-ion Batteries

The Group attaches importance to the development of its Li-ion battery resource recycling and regeneration system. It is steadily advancing the transition of its resource recycling business towards a high-quality operating stage by actively responding to national policy guidance. During the Reporting Period, the Group systematically advanced process optimization, production line upgrades, channel expansion and customer development. The Li-ion battery recycling business recorded operating income of approximately RMB1,210 million.

In 2025, the industry policy framework became increasingly comprehensive. The General Office of the State Council of the PRC issued the Action Plan for Improving the Recycling System of New Energy Vehicle Power Batteries, which is guiding the industry towards standardized and large-scale development. The Ministry of Ecology and Environment of the PRC issued the Announcement on Matters Relating to the Import Management of Regenerated Black Mass and Regenerated Steel Materials for Lithium-Ion Batteries, which for the first time opened the import of regenerated black mass, creating strategic opportunities for enterprises with international supply chain capabilities. According to forecasts by ASKCI Consulting Co. Ltd, the volume of retired motive batteries in China is expected to reach 1.04 million tonnes by 2025, with a small peak in retirements expected between 2025 to 2027, and will reach 3.50 million tonnes by 2030. The systematic policy support and vast market growth potential provide strong momentum for the sustainable development of the Group's Li-ion battery recycling business.

In terms of the recycling technology system, the Group has established a full-process technical framework, covering performance testing of retired Li-ion batteries, live crushing and sorting, pyrolysis enrichment, deep reduction, and high-efficiency separation. This system achieves recycling rates of not lower than 99% for cobalt, nickel, and manganese, and not lower than 94% for lithium, maintaining an industry-leading position in the recover rates of critical metals. By applying proprietary innovative technologies, including live crushing and low-temperature pyrolysis, the Group has effectively enhanced the recovery efficiency and purity of valuable metals. During the Reporting Period, process iterations and R&D projects progressed in an orderly manner. The Group's self-developed "Method and Device for Copper-Aluminum Separation from Spent Lithium-Ion Batteries" was granted a national patent, significantly improving the efficiency and precision of copper-aluminum separation. Through collaboration with research institutions such as the Institute of Process Engineering of the Chinese Academy of Sciences and Central South University, the Group deepened industry-university-research (I-U-R) collaboration. The project "Key Technologies and Applications for High-Value Clean Recycling of Retired Ternary Lithium-Ion Batteries" won the Zhejiang Provincial Science and Technology Progress Award, affirming the Group's technological capabilities within the industry.



In terms of recycling channel development, the Group has continuously improved the systematic layout of its recycling network with a focus on ensuring the stability and sustainability of raw material sourcing. Leveraging its dual white-list qualifications for “echelon utilization” and “recycling and reutilization” of waste power batteries granted by the MIIT, the Group has actively implemented an “urban mining” development strategy, establishing an extensive network comprising integrated dry-wet disposal bases, regional circular economy bases and recycling points. In terms of channel expansion, the Group explored diverse models such as reverse recycling via collection outlets, collaboration with ride-hailing platforms, and integration with battery-swapping networks to enhance end-point recycling efficiency. Meanwhile, the Group has established strategic cooperation with mainstream vehicle manufacturers, battery producers, insurance companies and automobile dismantling enterprises, while actively expanding multi-dimensional channels including overseas imports and social recycling channels. During the Reporting Period, the Group successfully completed its first overseas import of regenerated black mass feedstock, further diversifying its raw material sourcing structure and continuously strengthening the stability of its recycling and supply systems.

The Group currently possesses an annual processing capacity of 73,000 tonnes for waste Li-ion batteries treatment, with stable batch delivery capabilities. The products comply with prevailing industry standards and have passed the supplier qualification systems of multiple key clients, while steadily gaining market recognition. Leveraging its comprehensive competitive advantages, including brand reputation, production scale, channel networks and operational efficiency, the Group has forged deep cooperative relationships with leading industry customers, laying a solid customer foundation for business development.

Amid cyclical fluctuations and challenges within industry development, the Group has maintained strategic resolve by expanding domestic and international channels, deepening R&D innovation, and strengthening judgment on metal price trends and risk management. The Group is committed to progressively unlocking the environmental and economic value of recycling operations in the course of the industry’s standardized and large-scale development. As the large-scale battery retirement cycle approaches, the Group strives to develop into a leading enterprise in the battery recycling industry with global resource integration capabilities.

STRATEGIC PLANNING AND DEVELOPMENT DIRECTION

Looking ahead, the Group will steadfastly implement a development philosophy centered on strategic guidance and reform, systematically establishing a four-dimensional development framework encompassing technology-driven innovation, intelligent manufacturing upgrades, circular ecosystem synergy and global market expansion. The Group will reinforce the core competitive advantages of its lead-acid battery business while accelerating R&D, application and market expansion across diversified technology pathways, including Li-ion batteries, solid-state batteries, sodium-ion batteries and hydrogen fuel cells. It will strengthen battery recycling and regeneration capabilities, optimize industrial chain integration and collaborative efficiency, and expedite overseas market expansion and localized operations. The Group is committed to developing into a green energy solutions leader with an international vision and overall competitiveness.

Multi-technology synergy to build an innovation engine for change. The Group will adhere to the synergistic development of multiple technology roadmaps, including lead-acid, lithium-ion, solid-state, sodium-ion and hydrogen fuel cell technologies, strengthening independent innovation capabilities across materials, cells, systems, and application scenarios. In the lead-acid battery sector, the Group will consolidate its market leadership by leveraging innovative marketing models, reinforcing cost advantages and optimizing product structures to capture growth opportunities in sub-segments. In the new energy sector, we will focus on cost reduction and efficiency enhancement for Li-ion batteries alongside iterative upgrades and business model innovation, deepening project development and market expansion; steadily advance frontier R&D for solid-state batteries while expanding into diversified scenarios such as ESS to strengthen innovation and commercialization capabilities; prioritize breakthroughs in key sodium-ion battery technologies, accelerate application validation and business model exploration to achieve breakthroughs in advantageous niche-segments; and refine the multi-scenario layout of hydrogen fuel cells while prudently advancing demonstration projects and risk management. The Group will intensify industry-academia-research collaboration with leading research institutions, actively participate in the formulation of standards, and construct a forward-looking, systematic innovation system to provide robust support for emerging business incubation and long-term growth.

Digital and Intelligent upgrading and green manufacturing will consolidate the foundation for high-quality development. Intelligent manufacturing and green production are key to building the Group's sustainable competitiveness. The Group will comprehensively advance the construction of smart factories by integrating cutting-edge technologies such as 5G, IoT and AI, and promoting advanced manufacturing models such as "5G factory" projects. It aims to achieve digital-intelligent upgrading across the entire production process, thereby enhancing operational efficiency, supply chain resilience and energy utilization efficiency. Meanwhile, the Group will actively promote the adoption of clean energy and the development of carbon asset management systems to improve environmental performance, striving to build a resource-efficient and environmentally friendly green manufacturing system that injects sustainable momentum into the Group's development.

MANAGEMENT DISCUSSION AND ANALYSIS

Upgrading the circular economy system to drive value chain integration and sustainable development. The Group is dedicated to establishing a globally leading battery circular ecosystem, positioning the circular business as a critical component of its core competitiveness. In the high-end eco-friendly battery recycling segment, the Group will continue to leverage the synergies of its full industry chain by refining recycling channel development and production process upgrades, expanding diversified high-value product portfolios to enhance anti-cyclical resilience, and steadily advancing its international presence. In the Li-ion battery recycling segment, the Group will accelerate channel expansion and technological iteration, strengthen its overseas resource layout, and deepen strategic cooperation with industry leaders. Building upon this foundation, the Group will continuously enhance resource security capabilities and full life-cycle value creation and extraction, steering circular operations toward greater operational stability, clearer profitability drivers and progressively strengthened risk resilience.

Deepening global expansion to unlock new long-term growth opportunities. Globalization is one of the core drivers of the Group's future growth. The Group will focus on key markets across Southeast Asia, Europe, Africa and Latin America, promoting the overseas expansion of its products, manufacturing, services and brand according to local market conditions. The release of capacity at the Group's assembly and production bases in Vietnam will provide solid support for deepening its presence in regional market. The Group will actively expand collaboration with international partners across technology standards, service networks and industrial collaboration to build a global ecosystem featuring integration and mutual benefit, bringing its self-developed technologies, competitive products and integrated solutions to global markets while steadily expanding global market share and brand influence.

Facing the historic opportunities presented by energy transformation and industrial evolution, the Group remains resolute in its confidence. The Group will consistently uphold its mission to deliver sustainable solutions for the global green energy transition, driving industrial advancement through technological innovation, enhancing operational excellence via digital and intelligent manufacturing, reshaping value chains through circular ecosystems, and opening up new opportunities through its global layout. Ultimately, the Group strives to achieve the common growth of corporate and social value, advancing toward a new phase of sustainable, high-quality development.

Management Analysis

Gross profit

The Group's gross profit increased by approximately 7.48% to approximately RMB5,280 million in 2025 from approximately RMB4,912 million in 2024, mainly due to the increase in gross profit of the Li-ion battery business. The overall gross profit margin increased by 3.40 percentage points to 9.81% in 2025 from 6.41% in 2024. Among them, the gross profit margin of the manufacturing business was 11.01%, mainly due to the lower gross profit margin in the trading business and the increase in gross profit margin of the Li-ion battery business.

Other income

Other income of the Group decreased by approximately 22.00% from approximately RMB2,101 million in 2024 to approximately RMB1,639 million in 2025. The decrease was mainly attributable to the decrease in government grants and interest income. Government grants decreased from approximately RMB1,476 million in 2024 to approximately RMB1,292 million in 2025. The decrease was mainly attributable to the extra deduction of VAT input and decrease in tax refunds received. Interest income decreased from approximately RMB485 million in 2024 to approximately RMB273 million in 2025. The decrease was mainly attributable to the decrease in interest rate of deposit.

Distribution and selling expenses

Distribution and selling expenses of the Group decreased by approximately 0.36% from approximately RMB1,293 million in 2024 to approximately RMB1,289 million in 2025. The decrease in selling and distribution costs was mainly due to the decrease in transportation fees and staff remuneration.

Administrative expenses

Administrative expenses decreased by approximately 1.51% from approximately RMB1,271 million in 2024 to approximately RMB1,252 million in 2025. Such decrease was mainly due to the decrease in staff remuneration and office expenses.

Finance costs

Finance costs decreased by approximately 20.68% from approximately RMB547 million in 2024 to approximately RMB434 million in 2025, which was mainly due to the decrease in loan size during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Taxation

Income tax charges of the Group decreased by approximately 44.41% from approximately RMB594 million in 2024 to approximately RMB330 million in 2025, which was mainly due to the decrease in taxable profit during the Reporting Period.

Liquidity and Financial Resources

The net cash from operating activities for the Reporting Period was approximately RMB5,191 million (2024: approximately RMB549 million). The increase was mainly attributable to decrease in inventories and increase in payables of the Group.

As at 31 December 2025, the cash and cash equivalents, time deposits and pledged/restricted bank deposits of the Group was approximately RMB19,039 million (31 December 2024: approximately RMB21,410 million). As at 31 December 2025, the Group obtained undrawn banks facilities of approximately RMB30,165 million (31 December 2024: approximately RMB19,645 million). In cash and cash equivalents, time deposits and pledged/restricted bank deposits, amounts equivalent to approximately RMB18,521 million, RMB14.0 million, RMB420 million, RMB85.0 million, RMB11,200 and RMB27,500 were denominated in Renminbi, Hong Kong Dollars, US Dollars, VND, Euros and Singapore dollars, respectively. As the bank balances of currencies other than RMB accounted for approximately 2.72% of the total balances, the Group's relevant exchange risk is low.

As at 31 December 2025, the net current assets of the Group were approximately RMB4,030 million (31 December 2024: net current assets of approximately RMB3,945 million). The increase was primarily attributable to the decrease in borrowings. As at 31 December 2025, the interest bearing loans of the Group with maturity of within one year amounted to approximately RMB10,309 million (31 December 2024: approximately RMB12,726 million). The interest-bearing loans of the Group with maturity of more than one year amounted to approximately RMB3,322 million (31 December 2024: approximately RMB5,823 million). Loans were amounted to approximately RMB13,631 million (31 December 2024: approximately RMB18,549 million). The interest-bearing loans carried fixed and variable interest rates ranging from 1.38% to 5.5% (2024: 2.22% to 5.50%) per annum. As at 31 December 2025, the Group had a loan denominated in Japanese Yen in the equivalent amount of RMB355 million (31 December 2024: Nil of foreign currency).

The objective of the Company's financial policy is to maintain healthy capital structure to minimize the capital cost through prudent financial management. During the Reporting Period, the Group continued to further make use of long-term loans in order to optimize its loan structure.

Financial Position

Assets

As at 31 December 2025, the total assets of the Group were approximately RMB55,139 million, representing decrease of approximately 0.26% as compared to approximately RMB55,281 million as at 31 December 2024. Among them, non-current assets decreased by approximately 3.96% to approximately RMB21,189 million and current assets increased by approximately 2.20% to approximately RMB33,950 million. The major reason for the decrease of non-current assets was due to decrease in restricted bank deposits. The increase in current assets was mainly attributable to the increase in bills receivables.

Liabilities

As at 31 December 2025, the total liabilities of the Group were approximately RMB34,821 million, representing a decrease of approximately 4.26% as compared to approximately RMB36,372 million as at 31 December 2024. Among them, non-current liabilities decreased by approximately 30.95% to approximately RMB4,902 million, mainly due to the decrease in long-term interest-bearing borrowings; current liabilities increased by approximately 2.21% to approximately RMB29,920 million, mainly due to the increase in bills payable and receivables.

Analysis by Key Financial KPIs

Profitability:

	2025	2024
Return on equity	8.48%	6.95%
Gross profit margin	9.81%	6.41%
– Sales of batteries and battery related sales	11.01%	11.33%
– Trading	0.10%	-0.07%
Net profit margin	3.09%	1.69%

Liquidity:

	2025	2024
Current ratio	1.13	1.13
Quick ratio	0.88	0.85

Both the ratios above in 2025 remained the same when compared with those in 2024, mainly due to increment of current assets lower than to that of the current liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Cycle:

	2025	2024
Inventory turnover days	60	38
Account receivables turnover days	11	8
Account payables turnover days	19	12
Account and bills receivables turnover days	32	19
Account and bills payables turnover days	83	45

The inventory turnover days increased by 22 days to 60 days in 2025 due to the increase in production capacity and inventory in 2025. Account receivables turnover days increased by 3 days from 2024 to 11 days in 2025 due to the increase in the proportion of primary customers with long credit terms. The increase in account payables turnover days by 7 days in 2025 was mainly due to extended credit terms granted to suppliers as a result of favorable credit standing. The increase in bills receivables and accounts receivable turnover days by 13 days to 32 days was mainly due to the increase in bills receivables. The bills payable and accounts payable turnover days increased by 38 days to 83 days primarily due to the higher proportion of payments made using notes by the Company.

Capital:

	2025	2024
Net debt ratio	-41.21%	-22.46%
Interest coverage ratio (note)	8.46	6.50

Note: EBITDA divided by total interest expenses.

As the interest-bearing debt ("**Debt**") and the cash and bank balance as at 31 December 2025 were approximately RMB13,631 million and approximately RMB22,005 million, respectively, the net debt was approximately RMB-8,374 million. There was adequate total capital during the Reporting Period. The interest coverage ratio is 8.46 times, and the ability to make interest payments still remain strong.

Return of Shareholders:

	2025	2024
Earning per share (Basic) (RMB)	1.28	1.01
Dividend per share (HK\$ cents/share)	36	17

Note: Representing the dividend proposed by the Company's board of directors (the "**Board**") for 2025, which is subject to approval at the forthcoming annual general meeting.

Capital Expenditure

The capital expenditure in 2025 was approximately RMB1,512 million (2024: approximately RMB2,503 million). A majority of the expenditure was incurred in the lithium-ion battery segments, lead-carbon ESS construction, lead-acid intelligent manufacturing and enhancement segments, and construction investment in the recycling segments.

Capital Commitments

The amount contracted for but not stated in the consolidated financial statements in respect of the acquisition of property, plant and equipment as at 31 December 2025 was approximately RMB757 million (31 December 2024: approximately RMB1,592 million).

Gearing Ratio

The Group's gearing ratio (which is based on the amount of total interest-bearing loans divided by total assets multiplied by 100%) as at 31 December 2025 was approximately 24.72% (31 December 2024: approximately 33.55%).

Exposure to Exchange Rate Fluctuation

As the Group's operations were mainly conducted in China and the majority of businesses were transacted in Renminbi, the Group has set up policies to strike a balance between uncertainty and the risk of opportunity loss due to the growing significance of its exposures to fluctuations in foreign currencies. Foreign currency forward contracts can be used to eliminate the currency exposures. During the Reporting Period, the Group has entered into certain foreign currency forward contracts and closely monitored the movement of foreign currency rates. The Board is of the view that the Company's operating cash flow and liquidity are not subject to significant foreign exchange rate risk.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 2025 (31 December 2024: Nil).

Pledge of Assets

As at 31 December 2025, the bank facilities of the Group were secured by bank deposits, bills receivables, property, plant and equipment and prepaid lease payments. The aggregate net book value of the assets pledged amounted to approximately RMB13,449 million (31 December 2024: approximately RMB14,039 million).

Employee and Remuneration Policies

As at 31 December 2025, the Group employed a total of 20,698 employees (31 December 2024: 20,676 employees). Staff costs excluding directors' emoluments of the Group for the Reporting Period amounted to approximately RMB2,840 million (2024: approximately RMB2,906 million). The costs included basic salaries and benefits as well as staff benefits such as discretionary bonus, medical and insurance plans, pension scheme (including the schemes under the statutory requirement of the government such as pension insurance in China and mandatory provident fund in Hong Kong), unemployment insurance plans and share option scheme, etc. Competitive remuneration packages were offered to the employees. The Company has adopted incentive programs (including share option scheme) to encourage employee performance and provided a range of training programs for the development of its staff.

Please refer to the paragraphs headed "Emolument Policy" in the "Directors' Report" section of this annual report for the mechanism for determining the emolument payable to the Directors.

Significant Investments Held

There were no other significant investments held by the Group as at 31 December 2025.

Financial assets at fair value through profit or loss

As at 31 December 2025, the Group's financial assets at fair value through profit or loss mainly included unlisted financial products purchased from commercial banks. The following table summarizes the Group's financial assets at fair value through profit or loss as at 31 December 2025:

Issuer	Product Category	Principal activities	Investment cost/ nominal value (RMB'000)	Fair value as at 31 December 2025 (RMB'000)	Interest/dividend received (RMB'000)	Percentage of total assets of the Company as at 31 December 2025
Guangfa Bank	Wealth management product	Banking services	300,000.00	300,840.00	–	0.53%
Galaxy Securities	Wealth management product	Banking services	250,000.00	252,738.75	–	0.45%
Dongxing Securities	Wealth management product	Banking services	300,000.00	302,615.44	–	0.54%
Jinhua Bank	Wealth management product	Banking services	300,000.00	303,180.00	–	0.54%
China Merchants Bank	Wealth management product	Banking services	100,000.00	100,511.98	–	0.18%
Ningbo Bank	Wealth management product	Banking services	70,000.00	70,326.94	–	0.12%
Changxing Rural Commercial Bank	Wealth management product	Banking services	100,000.00	100,133.33	–	0.18%
Industrial Bank	Wealth management product	Banking services	200,000.00	200,677.67	–	0.36%
China Construction Bank	Wealth management product	Banking services	300,000.00	301,738.94	–	0.54%
Xiamen International Bank	Structured deposit	Banking services	380,000.00	381,731.11	–	0.68%
Bank of Hangzhou	Structured deposit	Banking services	350,000.00	350,996.11	–	0.62%
Bank of China	Structured deposit	Banking services	300,000.00	300,215.00	–	0.53%
Listed company	Equity securities listed in Hong Kong			10.60	–	0.0000%
Listed company	Equity securities listed in Hong Kong		29,035.94	46,701.00	563.23	0.08%
Changxing Meishan Fumei Equity Investment Partnership (Limited Partnership)	Equity investments	Equity investments	6,000.00	6,000.00	–	0.01%

MANAGEMENT DISCUSSION AND ANALYSIS

Material Acquisition and Disposal

The Group has no material acquisition or disposal of subsidiaries, associates and joint ventures during the Reporting Period.

Purchase, Sale or Redemption of the Company's Listed Shares

Please refer to the paragraph headed "Share Capital and Issue of Securities" as set out in the "Directors' Report" section of this annual report for the purchase, sale and redemption of the Company's shares in this year.

Principal Risks and Uncertainties

Many economic experts closely monitor whether the global and Chinese economy growth will slow down in the coming years. The Group's traditional business such as the sale of e-bike battery may be under uncertainties if the consumer market downturn exists. It is the reason that the Group started industry chain transformation and upgrade a few years ago, aiming to diversify the risk of over reliance on any single business segment.

In the past few years, labour cost in China continuously increased and the production-oriented entities in China were facing increasing pressure of higher production cost. The Group will make use of more resources in establishing production automation system in order to reduce manpower needed per production unit. At the same time, the employee incentive scheme will be used as the other way to improve manpower efficiency.

Please refer to notes 4 and 42 to the consolidated financial statements for other risks and uncertainties.

Future Development

For the Group's future plans and development, please refer to the paragraph headed "Strategic Planning and Development Direction" in the "Management Discussion and Analysis" section of this annual report.

Proposed Final Dividend

The Board has proposed the payment of a final dividend of HK\$36 cents per share (2024: HK\$17 cents per share). The financial statements do not reflect the dividend payable. The proposed final dividend is subject to approval by the Company's shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 8 June 2026. If the resolution for the proposed final dividend is passed at the annual general meeting, the proposed final dividend is expected to be paid on or before Friday, 10 July 2026.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 3 June 2026 to Monday, 8 June 2026 (both days inclusive), during which period no transfer of shares of the Company will be registered and the record date for the annual general meeting of the Company of this year will be Monday, 8 June 2026. In order to qualify for attending the annual general meeting of the Company of this year, all share certificates, together with duly completed transfer forms, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Tuesday, 2 June 2026.

Further, the register of members of the Company will be closed from Monday, 15 June 2026 to Thursday, 18 June 2026 (both days inclusive), during which period no transfer of the shares of the Company will be registered and the record date will be Thursday, 18 June 2026. In order to establish entitlements to the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 12 June 2026. Subject to the approval of the shareholders at the annual general meeting of the Company to be held on Monday, 8 June 2026, the proposed final dividend is expected to be paid on or before Friday, 10 July 2026.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors



Dr. ZHANG Tianren

張天任博士

Aged 63, is the chairman (the “**Chairman**”) of the board of directors (the “**Board**”), president and founder of the Group. He is also a chairman of the nomination committee of the Company (the “**Nomination Committee**”). Dr. ZHANG is responsible for our overall management and formulation of the business strategies. Dr. ZHANG graduated from Zhejiang University with a master degree of management, and was an honorary doctorate of the International American University (美國加州國際大學) and a visiting professor of the Zhejiang Sci-tech University. Dr. ZHANG has 40 years of experience in technological R&D and management of rechargeable battery industry in China. Dr. ZHANG was the factory manager of Zhejiang Changxing Storage Battery Factory during the period between 1989 and 2002, and has been the chairman and the general manager of Zhejiang Tianneng Battery Co., Ltd. (“**Tianneng Battery**”) since 2003. Dr. ZHANG is currently the chairman of Tianneng Battery Group Co., Ltd.* (“**Tianneng Share**”), which is a listed company on the Science and Technology Innovation Board of the Shanghai Stock Exchange (stock code: 688819.SH).

In addition to his key position in the Group, Dr. ZHANG was also a member of the 12th, 13th and 14th National People’s Congress, an executive committee member of All-China Federation of Industry and Commerce and vice chairman of Zhejiang Federation of Industry and Commerce. Besides, he was a vice president of China Electrical Equipment Industry Association, vice council chairman of China Battery Industry Association, a member of China EV100, vice president of the National Technology and Equipment Industry Association (全國工商聯科技裝備業商會副會長), president of Battery Industry Association of Zhejiang Province and etc.

Dr. ZHANG was awarded as one of the World Outstanding Chinese at 11th World Outstanding Chinese Award, 1st New Technological Merchants in Zhejiang, 2009 Outstanding Zhejiang Merchants, Top Ten Influential Persons of the PRC Electric Appliance Industry 2009, the Person of the Year in the Chinese Market Economy Award 2011, 2012 Bauhinia Cup Outstanding Entrepreneur, the 2012 Ernst & Young Entrepreneur of the Year, 2014 Honorary Zhejiang Merchant and Distinguished Zhejiang Merchant (二零一四年光榮浙商、傑出浙商), 8th Outstanding Entrepreneur of China and 2016 Global New Energy Business Leader. Dr. ZHANG is the younger brother of Mr. ZHANG Aogen.



Mr. ZHANG Aogen

張敖根先生

Aged 68, is the executive Director and vice-president of the Group. He is also a member of the remuneration committee of the Company (the “**Remuneration Committee**”). Mr. ZHANG is responsible for our foreign trade and overseas investment functions. He joined Zhejiang Changxing Storage Battery Factory as a deputy factory manager in 1988 and was appointed as a deputy general manager of Tianneng Battery in 2003. Mr. ZHANG attended the seminar of business management for senior president in Zhejiang University from September 2007 to December 2008. Mr. ZHANG is currently a director of Tianneng Share, which is a listed company on the Science and Technology Innovation Board of the Shanghai Stock Exchange (stock code: 688819.SH). Mr. ZHANG is a senior economist and has experience in sales management, procurement management as well as trade and investment. Mr. ZHANG is also an elder brother of Dr. ZHANG Tianren, chairman of the Board.



Mr. SHI Borong
史伯榮先生

Aged 72, is the executive Director and vice president of the Group. Mr. SHI joined Zhejiang Changxing Storage Battery Factory in 1989 and was promoted as deputy factory manager of Zhejiang Changxing Storage Battery Factory in 1990. He acted as deputy general manager of Tianneng Battery in 2003 and was appointed as the standing deputy general manager of Tianneng Battery in 2010. In September 2013, Mr. SHI was appointed as the chairman of Tianneng Battery (Anhui) Co., Ltd. and Anhui Zhongneng Power Supply Co., Ltd. Mr. SHI attended the seminar of business management for senior president in Zhejiang University from August 2007 to September 2008. Mr. SHI is a senior economist and has 36 years of management experience in rechargeable battery enterprises.



Mr. ZHANG Kaihong
張開紅先生

Aged 68, is the executive Director, vice president and the chief expert of technical center of the Group. Mr. ZHANG joined Zhejiang Changxing Storage Battery Factory in 1988 and acted as deputy factory manager of Zhejiang Changxing Storage Battery Factory in 1992. Mr. ZHANG was also appointed as deputy general manager of Tianneng Battery in 2003 and as general manager of Tianneng Battery (Wuhu) Co., Ltd. ("**Tianneng Wuhu**") in 2006. From February 2014, Mr. ZHANG was appointed as a vice-president of national level technology centre of the Group. Mr. ZHANG attended the seminar of business management for senior president in Zhejiang University from August 2007 to September 2008. Mr. ZHANG is a senior engineer with 39 years of experience in research and development, quality control and corporate management of rechargeable battery products.



Mr. ZHOU Jianzhong
周建中先生

Aged 55, is the executive Director and vice president of the Group. Mr. ZHOU is responsible for promoting the development of strategic and emerging industries of the Group as well as assisting the president in operations and management. Mr. ZHOU joined the Group in 1996 and has been the head of market management section of Tianneng Battery, standing deputy general manager of Zhejiang Changxing Tianneng Power Supply Co., Ltd. ("**Tianneng Power Supply**"), standing deputy general manager of Tianneng Battery, standing deputy general manager of Zhejiang Tianneng Energy Technology Co., Ltd. ("**Tianneng Energy Technology**"), general manager of Zhejiang Tianneng Power Energy Limited ("**Tianneng Power Energy**") and general manager of Zhejiang Tianneng Electrical Resources Limited ("**Tianneng Electrical Resources**"). He was appointed as vice-president of the Group in 2011. Mr. ZHOU attended the seminar of business management for senior president in Zhejiang University from September 2007 to December 2008, and attended the training program for general managers in China Europe International Business School from July 2017 to March 2018. Mr. ZHOU is currently a director of Tianneng Share, which is a listed company on the Science and Technology Innovation Board of the Shanghai Stock Exchange (stock code: 688819.SH). He is a senior economist with 31 years of experience in the sales and management of rechargeable batteries and corporate management.

Independent Non-Executive Directors



Mr. HUANG Dongliang
黃董良先生

Aged 70, was appointed as an independent non-executive Director in February 2007. He is also the chairman of the audit committee of the Company (the “**Audit Committee**”) and a member of each of the Remuneration Committee and the Nomination Committee. Mr. HUANG graduated from Zhongnan Finance University in 1988 with a bachelor degree majored in economics. Mr. HUANG obtained the qualifications of professor, senior accountant and registered tax agent in China. Mr. HUANG is a certified public accountant registered under the Chinese Institute of Certified Public Accountants. Mr. HUANG was an independent director of Zhejiang Medicine Co., Ltd. (浙江醫藥股份有限公司), which is a listed company on Shanghai Stock Exchange (stock code: 600216.SH), until his retirement in June 2021. Mr. HUANG was an independent director of Lander Sports Development Co., Ltd. (萊茵達體育發展股份有限公司), which is a listed company on Shenzhen Stock Exchange in China (stock code: 000558.SZ), until his retirement in May 2018.



Mr. ZHANG Yong
張湧先生

Aged 50, was appointed as an independent non-executive Director in August 2018. He is also a member of the Audit Committee. Mr. ZHANG graduated from Fudan University, majoring in international finance and obtained a doctoral degree in economics. Mr. ZHANG is currently the deputy director of Shanghai Institution for Finance & Development, a researcher of the Comprehensive Research Institute of Shanghai Free Trade Zone of Fudan University (復旦大學上海自貿區綜合研究院), a part-time professor of Nanjing University, a part-time tutor for postgraduate students of Shanghai University of Finance and Economics and a visiting professor of Shanghai Lixin University of Accounting and Finance (上海立信會計金融學院). Mr. ZHANG had been an independent director of Xinzhi Group Co., Ltd. (formerly known as “Changying Xinzhi Technology Co., Ltd.”), which is a listed company on the Main Board of the Shenzhen Stock Exchange (stock code: 002664.SZ), from October 2019 to November 2022. He had been an independent director of Haima Automobile Co., Ltd., which is a listed company on the Main Board of the Shenzhen Stock Exchange (stock code: 000572.SZ) from May 2021 to February 2024. He had been an independent director of Shanghai Taihe Water Technology Development Co., Ltd., which is a listed company on the Main Board of the Shanghai Stock Exchange (stock code: 605081.SH), from April 2021 to July 2023. He has been an independent director of Shanghai Lingang Holdings Co., Ltd., which is a listed company on the Main Board of the Shanghai Stock Exchange (stock code: 600848.SH), since September 2021. He has been an independent director of Tengda Construction Group Co., Ltd., which is a listed company on the Main Board of the Shanghai Stock Exchange (stock code: 600512.SH) since November 2022.



Mr. XIAO Gang

肖鋼先生

Aged 64, was appointed as an independent non-executive Director in March 2022. He is also a chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Mr. XIAO graduated from the Department of Chemistry of Danmarks Tekniske Universitet (丹麥技術大學) and the winner of the Chinese Government Friendship Award (中國政府友誼獎). He was accredited as a National Distinguished Expert (國家特聘專家), a fellow of The Royal Society of Chemistry (英國皇家化學會) and an expert of the China Council for International Investment Promotion (中國國際投資促進會).



Dr. GUO Yuantao

郭圓濤博士

Aged 52, was appointed as an independent non-executive Director in August 2024. She is also a member of the Nomination Committee. Dr. GUO graduated from Nankai University with a major in International Economics and obtained a bachelor's degree in economics in 1995, and graduated from Peking University with a master's degree in economics in 1998. Dr. Guo further obtained a master's degree in philosophy from the Centre of Development Studies of the University of Cambridge in 1999, and a doctorate degree in philosophy from the Judge Business School of the University of Cambridge in 2007. Dr. Guo was accredited as a permanent member of the China Independent Non-Executive Directors Association (中國獨立非執行董事協會) in December 2023. Dr. Guo has over 20 years of equity research experience in various international investment banks with both sector exposure and macro exposure. From 2011 to 2017, Dr. Guo successively served as the Head of Asia Consumer/Internet/Media Equity Research and Managing Director of Jefferies Hong Kong Limited. From 2017 to 2023, Dr. Guo successively served as the Chief Strategist and Economist, Head of Equity Research and Managing Director of China Merchants Securities (HK) Co., Limited. Since June 2024, Dr. Guo has served as an independent non-executive director of China Biotech Services Holdings Limited, the shares of which are listed on The Stock Exchange of Hong Kong Limited (stock code: 8037.HK). Dr. Guo also had extensive international exposure from working as an analyst in the equity research teams of HSBC (Hong Kong), Goldman Sachs (Gaohua, Beijing) and Goldman Sachs (Singapore).

Senior Management



Mr. ZHAO Haimin
趙海敏先生

Aged 61, is the vice-president of the Group. Mr. ZHAO is responsible for managing the research centre as well as the information technology commission of the Group. Mr. ZHAO joined us in 2004 as an assistant to the general manager and deputy general manager, etc. of Tianneng Battery. Mr. ZHAO was responsible for after-sales services, human resources and sales management of the Group, during which he organized and implemented the first tracking system of laser printing for quality and aftersale informationalization and the introduction of overseas high-end talents under the national "Thousand Talents Program" (國家千人) in respect of the field of new energy. Mr. ZHAO graduated from Bengbu Industrial Technology Institute (蚌埠工業技術學校), majoring in textile. Later, he attended a vocational school and a university for corporate management and was enrolled in the MBA programme in China University of Geosciences in 2009. Mr. ZHAO is a professorate senior engineer. He has extensive knowledge in non-woven fabrics and battery separators. Prior to joining us, Mr. ZHAO was an assistant to the general manager in Huzhou KINGSAFE Group Co., Ltd. (湖州金三發集團) and was responsible for the management of technology, production and sales.



Ms. WANG Jing
王靜女士

Aged 62, is our financial controller. Ms. WANG is responsible for the financial management of the Group. She joined the Group in 2004 as the manager of financial department of Tianneng Battery and was appointed as our financial controller in 2009. She has more than 43 years of financial management experience. Ms. WANG graduated from Hangzhou Institute of Electrical Engineering in Industrial Accounting in July 1988 and attended the advanced seminar of modern management (CFO) in Zhejiang Institute of Finance & Economics from June 2008 to June 2009. Prior to joining us, Ms. WANG worked in Zhejiang Leomax Cement Company Limited (浙江三獅水泥股份有限公司), Huzhou Kingsafe Group (湖州金三發集團) and Huzhou Tianheng United CPA Firm (湖州天衡聯合會計師事務所) and was responsible for the financial management and audit.



Ms. HUI Wai Man, Shirley
許惠敏女士

Aged 58, is the company secretary of the Company (the "Company Secretary"). Ms. HUI is responsible for the company secretarial affairs of the Group. She joined the Group in September 2009. She is a certified public accountant in Hong Kong, a fellow member of the Hong Kong Institute of Certified Public Accountants and the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) as well as a fellow member of the Hong Kong Chartered Governance institute (formerly known as the Hong Kong Institute of Chartered Secretaries). She is a member of the Society of Chinese Accountants and Managements and the Hong Kong Securities Institute. Ms. HUI has over 36 years of professional experience in public accounting and corporate financing.

CORPORATE GOVERNANCE REPORT

The Company is committed to ensuring high standards of corporate governance. The Board of Directors of the Company (the **"Board"**) believes that good corporate governance practices are increasingly important for maintaining and promoting investors' confidence.

Corporate Governance Code

The Company has adopted and met the code provisions in Part 2 of the Corporate Governance Code (the **"Code"**)* as contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **"Listing Rules"**) that is applicable to the corporate governance report for the Reporting Period, except for the code provision C.2.1 in Part 2 of the Code as set out below.

Dr. Zhang Tianren is both the Chairman and CEO of the Company who is responsible for managing the Group's business. The Board considers that vesting the roles of Chairman and CEO in the same person facilitates the execution of the Company's business strategies and maximizes the effectiveness of its operation. With the present Board structure and scope of business, the Board considers that there is no imminent need to separate the roles into two individuals. However, the Board will continue to review the effectiveness of the Group's corporate governance structure to assess whether the separation of the position of the Chairman and CEO is necessary.

Board of Directors

Composition

During the year ended 31 December 2025 and up to the date of this report, the Board comprised nine members. Dr. Zhang Tianren is an executive Director, the Chairman and CEO of the Company. Mr. Zhang Aogen, Mr. Zhang Kaihong, Mr. Shi Borong and Mr. Zhou Jianzhong are the executive Directors of the Company while Mr. Huang Dongliang, Mr. Zhang Yong, Mr. Xiao Gang and Dr. Guo Yuantao are the independent non-executive Directors of the Company. In compliance with Rule 3.10 of the Listing Rules, the Company had four independent non-executive Directors, one of them, namely Mr. Huang Dongliang has appropriate professional accounting experience and expertise.

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed on pages 39 to 42 of this annual report.

Each independent non-executive Director has confirmed that he/she is independent of the Company and the Company also considers each of them to be independent under the guidelines set out in Rule 3.13 of the Listing Rules.

* The amendments to the Code effective on 1 July 2025 will apply to the corporate governance reports and annual reports of the Company for financial years commencing on or after 1 July 2025.

CORPORATE GOVERNANCE REPORT

Apart from Mr. Zhang Aogen being an elder brother of Dr. Zhang Tianren, the Chairman of the Board, there is no other relationship (including financial, business, family or other material relationship) among members of the Board. All of them are able to make free and independent judgment.

The Board has established mechanisms to ensure that independent views are available to the Board, including providing the Directors with sufficient resources to perform their duties, and Directors shall seek, at the Company's expense, independent professional advice to perform their responsibilities if necessary.

The Board shall at all times comprise at least three independent non-executive Directors that represent at least one-third of the Board, such that there is always a strong element of independence on the Board which can effectively exercise independent judgement.

All the Directors, including the independent non-executive Directors, are given equal opportunity and channels to communicate and express their views to the Board and have separate and independent access to the management of the Group in order to make informed decisions. The Chairman of the Board will hold meetings with the independent non-executive Directors without the involvement of other Directors at least annually to discuss any issues and concerns.

If any Director or his/her associate has a conflict of interest in a matter to be considered by the Board and the Board has determined that such conflict of interest to be material, such matter will be dealt with by a physical Board meeting rather than by written resolutions. Such Director will be required to declare his/her interests before the meeting and abstain from voting on the relevant resolutions.

The Board has reviewed and considered that the mechanisms have been duly implemented and are effective in ensuring that independent views and input are available to the Board during the year ended 31 December 2025.

Function

The Board, led by the Chairman, is responsible for formulation and approval of the Group's development, business strategies and policies, approval of business plans, recommendation of dividend and supervision of management. While the management of the Company was given sufficient autonomy by the Board to handle the daily ordinary course of administration and management, when the Board delegates aspects of its management and administration functions to the management, it has given clear directions as to the powers of the management, in particular, with respect to the circumstances where the management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

There is a formal schedule of matters specifically reserved to and delegated by the Board. The Board had given clear directions to the management of the Company that certain matters (including the following) must be reserved to the Board:

- Publication of final, interim and quarterly results (if any) of the Company;
- Dividend distribution or other distributions;
- Treasury policy, accounting policy and remuneration policy;
- Review on internal control system and risk management;
- Changes to major corporate structure of the Group or Board composition requiring notification by announcement;
- Notifiable transaction and non-exempted connected transaction/continuing connected transaction;
- Proposed transaction requiring Shareholders' approval;
- Capital re-structuring and issue of new securities;
- Joint-venture with third party involving capital commitment from the Group of over 5% in the relevant size test of the Company; and
- Financial assistance to the Directors.

In addition, the Board carries out the function of reviewing the corporate governance practice and disclosure system as follows:

- Review the Company's policies and practices on corporate governance;
- Review and monitor the training and continuous professional development of Directors and senior management;
- Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- Review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- Review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

The Company held four Board meetings and two general meetings during the year ended 31 December 2025. The attendance of individual Directors at these meetings was as follows:

Name	Attendance/ Number of board meetings held	Attendance/ Number of general meetings held
Executive Directors		
Dr. Zhang Tianren	4/4	2/2
Mr. Zhang Aogen	4/4	2/2
Mr. Zhang Kaihong	4/4	2/2
Mr. Shi Borong	4/4	2/2
Mr. Zhou Jianzhong	4/4	2/2
Independent Non-executive Directors		
Mr. Huang Dongliang	4/4	2/2
Mr. Zhang Yong	4/4	2/2
Mr. Xiao Gang	4/4	2/2
Dr. Guo Yuantao	4/4	2/2

The term of appointment (renewable) of the independent non-executive Directors is as follows:

Mr. Huang Dongliang	11 June 2025 to 10 June 2026
Mr. Zhang Yong	8 August 2025 to 7 August 2026
Mr. Xiao Gang	15 March 2025 to 14 March 2026
Dr. Guo Yuantao	29 August 2025 to 28 August 2026

The Company has taken out appropriate insurance coverage for the Directors in respect of legal actions taken against Directors and officers of the Group. The Board reviews the extent of the insurance coverage every year.

Responsibilities

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and the Shareholders. Their responsibilities include:

- holding regular Board meetings focusing on business strategy, operational issues and financial performance;
- monitoring the quality, timeliness, relevance and reliability of internal and external reporting;
- monitoring and managing the potential conflicts of interest of management, Board members and Shareholders, including misuse of corporate assets and abuse in connected transactions; and
- ensuring readily available processes are in place to maintain the overall integrity of the Company, including financial statements and internal control systems.

Diversity

With a view to achieve a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity perspectives and measurable objectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. According to Rule 13.92 of the Listing Rules, the above Board diversity policy of the Company has been approved by the Board and adopted by the Nomination Committee (as defined below) on 30 August 2013 and amended with effect from 1 January 2019. The Group's diversity policy is in compliance with the Listing Rules.

The nomination committee of the Company (the "**Nomination Committee**") holds meeting at least once a year to review the diversity of the Board, discusses the measurable objectives, including gender, knowledge, appropriate professional qualifications, relevant business background and experience, skills, relevant management expertise, independence of Directors, etc. and gives recommendation to the Board. During the Year, the Nomination Committee took the view that the measurable objectives were achieved to a large extent. It paid particular attention to the cultural and educational background, professional and technical experience, and skills of the members of Board and also reviewed the composition of executive Directors and independent non-executive Directors so as to ensure appropriate independence within the Board.

In order to achieve gender diversity in the composition of the Board, the Board will continue to maintain at least one female representation on the Board. As at 31 December 2025, there was a female representation on the Board. During the year under review, the Nomination Committee considered that the Company has achieved gender diversity by having Board members of both genders. The Company will ensure that sufficient resources are available for providing appropriate trainings and career development to develop a pipeline of potential successors to the Board and maintain gender diversity.

To achieve diversity at workforce level, the Group has adopted a Workforce Diversity Policy with effect from 1 July 2025. The Nomination Committee shall annually review the workforce diversity, discuss the measurable objectives and the progress made in achieving measurable objectives as set out in the Workforce Diversity Policy. The measurable objectives include committing to upholding diversity of gender, background, skills and experience across workforce, wherever feasible, maintaining an appropriate level of staff in different gender and ensuring adequate representation of different gender at different level of workforce (including at the management level), considering the nature of the Company's business and the markets in which it operates.

During the year under review, the Nomination Committee (i) considered that the Company has achieved gender diversity across the workforce (including senior management) and measurable objectives; and (ii) was not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

CORPORATE GOVERNANCE REPORT

In addition, the Group has put in place appropriate recruitment and selection practices such that a diverse range of candidates are considered and ensure that gender diversity is taken into account when recruiting staff members of mid to senior level. The Group has also established talent management and training programs to provide career development guidance and promotion opportunities to develop a broad and diverse pool of skilled and experienced employees.

Details on the gender ratio of the Group together with relevant data can be found in the 2025 Environmental, Social and Governance Report of the Company.

Directors' Training

Pursuant to code provision C.1.4 of Part 2 of the Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. The Directors have been given relevant guidance materials to ensure that they are apprised of the latest changes in the commercial, legal and regulatory requirements in relation to the Company's businesses, and to refresh their knowledge and skills on the roles, functions and duties of a director of a listed company.

For the period from 1 January 2025 to 31 December 2025, all Directors provided their records of training to the Company. All Directors, namely Dr. Zhang Tianren, Mr. Zhang Aogen, Mr. Zhang Kaihong, Mr. Shi Borong, Mr. Zhou Jianzhong, Mr. Huang Dongliang, Mr. Zhang Yong, Mr. Xiao Gang and Dr. Guo Yuantao, participated in continuous professional development mainly by reading various materials regarding directors' responsibilities, prevention of breaching the Listing Rules and new disclosure requirement of the Listing Rules, etc.

Company Secretary's Training

Pursuant to Rule 3.29 of the Listing Rules, the Company Secretary must take no less than 15 hours of relevant professional training in each financial year. The Company Secretary provided her training records to the Company indicating that she had taken more than 15 hours of relevant professional development by means of attending in-house briefings and seminars and reading relevant guidance materials.

Shareholders' Rights

Set out below is a summary of certain rights of the Shareholders as required to be disclosed pursuant to the Code.

Convening an extraordinary general meeting and procedures for putting forward proposals by Shareholders at general meeting

Each general meeting other than an annual general meeting shall be called an extraordinary general meeting. General meetings may be held in any part of the world as may be determined by the Board.

According to article 58 of the Company's amended and restated articles of association adopted on 8 June 2023 (the "**Amended and Restated Articles of Association**"), any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may convene a physical meeting at only one location which will be the principal meeting place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Any requisition to convene an extraordinary general meeting or proposal to be put forward at the general meeting can be addressed to the principal place of business of the Company in Hong Kong marked with the attention of the Company Secretary. The requisitionists must state in their request(s) the objects of the extraordinary general meeting to be convened, and such request must be signed by all the requisitionists. Upon receipt, the Company will verify the requisitionists' particulars and if the request is in order, the Company will convene the extraordinary general meeting in accordance with its Amended and Restated Articles of Association.

Enquiries from Shareholders to the Board

In order to ensure effective communication between the Shareholders and the Board, the Company adopted the Shareholders communication procedures on 24 February 2012. According to the Shareholders communication procedures, the Board should be responsible for maintaining an on-going dialogue with the Shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation. The Chairman of the Board should attend the annual general meetings. He should also invite the independent non-executive Directors, chairman of each of the audit committee, remuneration committee, nomination committee and any other committees (as appropriate) of the Company to attend the annual general meetings. In their absence, the chairman should invite another member of the committees or failing this, his duly appointed delegate, to attend the annual general meetings. These persons should be available to answer questions at the annual general meetings.

The chairman of each independent Board committee (if any) should also be available to answer questions at any general meetings to approve a connected transaction or any other transaction that requires independent Shareholders' approval.

Shareholders and investors are welcome to visit the Company's website and raise enquiries through the Investor Relations Department of the Company and/or the Company's public relations representative (Porda Havas International Finance Communications (Group) Holdings Company Limited) whose contact details are available on the website.

Remuneration Committee

The Company has established a remuneration committee (the "**Remuneration Committee**") with specific terms of reference which deal clearly with its duties and responsibilities. The Remuneration Committee comprises one executive Director, namely Mr. Zhang Aogen and two independent non-executive Directors, namely Mr. Huang Dongliang and Mr. Xiao Gang and is currently chaired by Mr. Xiao Gang.

The terms of reference of the Remuneration Committee which were amended and adopted by the Board on 20 December 2022 follow the guidelines set out in the Code and it is mainly responsible for making recommendations to the Board on the Company's policy for the remuneration of Directors and senior management. The Remuneration Committee also makes recommendations to the Board on the remuneration packages of the Directors and senior management.

CORPORATE GOVERNANCE REPORT

The Remuneration Committee shall meet at least once a year. One committee meeting was held in 2025 to assess the performance of Directors and review and approve the remuneration of the Directors. The attendance of each member is set out as follows:

Name	Meeting(s) held	Meeting(s) attended
Mr. Huang Dongliang	1	1
Mr. Zhang Aogen	1	1
Mr. Xiao Gang (<i>Chairman</i>)	1	1

During the Remuneration Committee meeting, proposal for adjustment of the remuneration package for Directors and senior management (the “**Proposal**”) was reviewed and approved by the Remuneration Committee and the Proposal was proposed to the Board for approval and approved by the Board.

Nomination Committee

The Company has established the Nomination Committee with specific terms of reference which deal clearly with its duties and responsibilities. The Nomination Committee comprises one executive Director, namely Dr. Zhang Tianren and three independent non-executive Directors, namely Mr. Huang Dongliang, Mr. Xiao Gang and Dr. Guo Yuantao and is currently chaired by Dr. Zhang Tianren.

The terms of reference of the Nomination Committee which were amended and re-adopted by the Board with effect from 1 July 2025 have been determined with reference to the Code. The Nomination Committee is responsible for, including, identifying potential new Directors and recommending to the Board for consideration. A Director appointed by the Board is subject to re-election by the Shareholders at the first annual general meeting after his/her appointment. Under the Company’s Amended and Restated Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at an annual general meeting at least once every three years.

Appointment and Re-election of Directors

The Board has established and adopted a written nomination policy (the “**Nomination Policy**”) specifying the process and criteria for the selection and recommendation of candidates for directorship of the Company.

Selection criteria

The Nomination Committee shall, based on those criteria as set out in the Nomination Policy (such as reputation for integrity, qualifications and experience, time commitment and contribution to diversity of the Board according to the Board diversity policy, etc.), identify and recommend the proposed candidate to the Board for approval of an appointment. In the case of re-appointment of Director, the Nomination Committee would take into account factors such as contribution, attendance in meetings and level of participation from the retiring Directors. Where the candidate is appointed for the position of independent non-executive Director, the Nomination Committee will also assess his/her independence with reference to the requirements set out in the Listing Rules.

Nomination procedures

In appointing a new Director, the Nomination Committee and/or the Board will first call a meeting of the Nomination Committee and invite nominations of candidates from Board members for its consideration prior to the meeting. The Nomination Committee may also put forward candidates who are not nominated by the Board. The Nomination Committee shall then make recommendations for the Board's consideration and approval. The information, including biography, independence (for nomination of non-executive or independent non-executive Directors only), proposed remuneration and other information as required under the applicable laws and regulations will be included in the circular to Shareholders (if applicable). A Shareholder may also serve to the principal place of business of the Company in Hong Kong a notice in writing for its intention to propose a resolution to elect a certain candidate as Director and a notice by the nominated person of his/her willingness to be elected according to the articles of association, without the Board's recommendation or nomination of the Nomination Committee other than those candidates as set out in the circular (if applicable). The Board shall then consider and have the final decision on all matters relating to whether to have the recommended candidates to stand for election at a general meeting. The Nomination Committee shall ensure the transparency and fairness of the selection procedure.

New Directors, on appointment, will be given an induction package containing all key legal and Listing Rules' requirements as well as guidelines on the responsibilities and obligations to be observed by a Director. The package will also include the latest published financial reports of the Company and the documentation for the corporate governance practices adopted by the Board. The senior management will subsequently conduct such briefing as is necessary to give the new Directors more detailed information on the Group's operations, business and activities.

According to article 87 of the Amended and Restated Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected as Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed by the Board pursuant to article 86(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation. The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election.

According to code provision B.2.2 of Part 2 of the Code, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Potential new Directors are selected on the basis of their qualification, skills and experience which the Nomination Committee considers will make a positive contribution to the performance of the Board.

CORPORATE GOVERNANCE REPORT

When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidate:

- a. Reputation for integrity;
- b. Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- c. Willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments;
- d. Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; and
- e. Such other perspectives appropriate to the Company's business.

These factors are for reference only, and are not meant to be exhaustive and decisive. The Nomination Committee may consider other factors so as to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

The Nomination Committee shall meet at least once a year. One committee meeting was held in 2025 to review the composition of the Board, consider the independence of the independent non-executive Directors and the retirement of Directors, and amend the terms of reference of the Nomination Committee in compliance with the amended Code which took effect on 1 July 2025. The attendance of each member is set out as follows:

Name	Meeting(s) held	Meeting(s) attended
Dr. Zhang Tianren (<i>Chairman</i>)	1	1
Mr. Huang Dongliang	1	1
Mr. Xiao Gang	1	1
Dr. Guo Yuantao	1	1

Remuneration of the Senior Management

The remuneration of the senior management of our Group for the year ended 31 December 2025 falls within the following band:

	Number of People
Nil to RMB1,000,000	3

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix C3 to the Listing Rules. Having made specific enquiry, all Directors of the Company have complied with the required standard set out in the Model Code throughout the year ended 31 December 2025.

Audit Committee

The Company has established an audit committee (the “**Audit Committee**”) in compliance with Rule 3.21 of the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Mr. Huang Dongliang, Mr. Zhang Yong and Mr. Xiao Gang and is currently chaired by Mr. Huang Dongliang.

The primary duties of the Audit Committee (inter alia) are to review the financial reporting process and internal control system of the Group, and to make proposals to the Board as to appointment, renewal and resignation of the Company’s independent external auditors and the related remuneration and appointment terms. The Audit Committee has reviewed the annual report with the management and the Company’s independent external auditors and recommended its adoption by the Board.

The written terms of reference, which describe the authority and duties of the Audit Committee, are regularly reviewed to comply with provision D.3.3 of Part 2 of the Code. The Audit Committee held three meetings during the year ended 31 December 2025. The attendance of each member is set out as follows:

Name	Meeting(s) held	Meeting(s) attended
Mr. Huang Dongliang (<i>Chairman</i>)	3	3
Mr. Zhang Yong	3	3
Mr. Xiao Gang	3	3

The Audit Committee oversees the financial reporting process. In this process, the management of the Company is responsible for the preparation of the Group’s financial statements including the selection of suitable accounting policies. Independent external auditors are responsible for auditing and attesting to the Group’s financial statements and evaluating the Group’s system of internal controls. The Audit Committee oversees the respective works of the management and the independent external auditors to monitor the processes and safeguards deployed by them. The Audit Committee reports to the Board on its findings after each of its meeting. With effect from 1 January 2022, the Audit Committee oversees the Group’s risk management system.

The Audit Committee reviewed and discussed the Group’s financial statements for the year ended 31 December 2025 with the management and independent external auditors. The Audit Committee also received reports and met with the independent external auditors to discuss the general scope of their audit work and their assessment of the Group’s internal controls.

Based on these reviews, discussions and the report of the independent external auditors, the Audit Committee recommended for the Board’s approval of the consolidated financial statements for the six months ended 30 June 2025 and the year ended 31 December 2025, with the Auditors’ Report thereon.

The Audit Committee recommended to the Board that the Shareholders be asked to re-appoint Deloitte Touche Tohmatsu (“**Deloitte**”) as the Group’s independent external auditor for the year ending 31 December 2026.

Independent External Auditor

In 2022, ZHONGHUI ANDA CPA Limited (“**ZHONGHUI ANDA**”) has resigned as the auditor of the Group with effect from 5 July 2022 taking into account the availability of its internal resources for the audit services for the Group’s financial year ended 31 December 2022.

The Board, with the recommendation from the Audit Committee, has resolved to appoint Deloitte as the new auditor of the Group with effect from 8 July 2022 to fill the casual vacancy following the resignation of ZHONGHUI ANDA. For further details regarding the change of auditor of the Group, please refer to the announcement of the Company dated 8 July 2022.

During the year ended 31 December 2025, the fees paid and payable to Deloitte in respect of audit and audit related services amounted to approximately RMB3.168 million, while the fees paid and payable to Deloitte relating to non-audit services (interim review and tax related services) amounted to approximately RMB1.811 million.

Save as disclosed above, there were no other change in auditor of the Company during the past three years.

Internal Control and Risk Management

The Board is responsible for maintaining an adequate system of internal controls and risk management within the Group and reviewing their effectiveness at least annually, covering all material controls, including financial, operational and compliance controls as well as risk management functions of the year. The Board is committed to strengthening the Group’s internal control system, and has established a series of internal control policies and procedures. The system of internal controls is designed to facilitate effective and efficient operations, to safeguard assets and to ensure the quality of internal and external reporting and compliance with applicable laws and regulations. It is also designed to provide reasonable, but not absolute, assurance that material misstatement or loss can be avoided, and to manage and minimize, rather than eliminate risks of failure in operation systems and failure to achieve business objectives. The Group also has an internal audit function.

The Group strictly follows the requirements of the SFO and the Listing Rules and ensures that inside information is disclosed to the public as soon as reasonably practicable. Before inside information is fully disclosed to the public, such information is kept strictly confidential. The Group has further enhanced the procedures with the establishment of a continuous disclosure policy and provided relevant training to all relevant staff of the Group. The Board considered that the procedures and measures in relation to the handling and dissemination of inside information to be effective and adequate.

The Company engaged an international professional management consultancy firm, BT Corporate Governance Limited (“**BTCG**”), to assess and evaluate the risk and effectiveness of its system of internal controls up to 31 December 2025. The Audit Committee members, together with the senior management, have reviewed, considered and discussed all findings and recommendations of the internal control review relating to the internal control system that operates within the Group, and the Audit Committee and the senior management are satisfied that the internal control system of the Group is sound and adequate and the Company’s internal audit function is effective. Pursuant to the system improvement recommendations made by BTCG, the Group will continue to improve its internal management and control systems.

The Board has also conducted an annual review on the effectiveness of the accounting and financial reporting function of the Company and takes the view that the Company possesses adequate resources and its staff are equipped with suitable qualifications and experience in this regard.

Completing the review this year, the Board considers that its risk management and internal control systems are effective and adequate. Going forward, the Company will conduct regular reviews of the Company's internal control and risk management systems and their effectiveness to ensure that the interest of the Shareholders is safeguarded.

Going Concern

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

Communication with Shareholders

The objective of Shareholder communication is to provide the Shareholders with detailed information about the Company so that they can exercise their rights as the Shareholders in an informed manner. The Company uses a range of communication tools to ensure the Shareholders are kept well informed. These include general meeting, annual report, various notices, announcements and circulars. Procedure for demanding voting by poll has been included in all circulars accompanying notice convening general meeting and the detailed procedures for conducting a poll has been read out by the Chairman at general meeting. The general meeting provides the Shareholders with a useful forum and encourages the Shareholders to attend the general meetings of the Company to raise comments and exchange views with the Board. The Chairman, Directors and independent external auditor, where appropriate, are available to answer questions at the meeting. The Board considers that the Company's communication with the Shareholders is effective during the year under review.

Directors' Responsibility in Preparing the Financial Statements

The Directors acknowledge that it is their responsibilities to prepare the financial statements. The responsibilities of the independent external auditor with respect to financial reporting are set out in the Independent Auditor's Report on page 74 to page 75.

Constitutional Documents

There are no significant changes in the Company's constitutional documents during the year ended 31 December 2025.

DIRECTORS' REPORT

The Directors present the annual report and the audited consolidated financial statements for the year ended 31 December 2025.

Principal Activities

The Company acts as an investment holding company and provides corporate management services. The Group is principally engaged in the production of motive batteries in China. The activities of the principal subsidiaries are shown in note 46 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 76. The Directors propose to declare a final dividend of HK\$36 cents per Share (2024: HK\$17 cents).

Property, Plant and Equipment

During the Year, construction in progress of approximately RMB133 million and RMB672 million were completed and transferred to buildings, plant and machinery, respectively. During the Year, the Group continued to expand its manufacturing facilities. The Group acquired buildings, plant and machinery for approximately RMB434 million. Details of these and other movements in the property, plant and equipment of the Group during the Year are set out in note 16 to the consolidated financial statements.

Business Review

Details of the Company's business review are set out in the "Management Discussion and Analysis" section of this annual report, of which this Directors' Report forms a part.

Share Capital and Issue of Securities

Details of the movement during the Year in the share capital of the Company are set out in note 36 to the consolidated financial statements.

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Distributive Reserves

As at 31 December 2025, the Company's reserve available for distribution amounted to approximately RMB859 million (2024: approximately RMB910 million). Under the Company Law (Revised) Chapter 25 of the Cayman Islands, the share premium of the Company is available for distribution or paying dividends to the Shareholders subject to the provisions of its memorandum or articles of association and provided that immediately following the distribution of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.

Directors

The directors of the Company during the Year and up to the date of this report were:

Executive Directors:

Dr. Zhang Tianren (*Chairman*)
 Mr. Zhang Aogen
 Mr. Zhang Kaihong
 Mr. Shi Borong
 Mr. Zhou Jianzhong

Independent non-executive Directors:

Mr. Huang Dongliang
 Mr. Zhang Yong
 Mr. Xiao Gang
 Dr. Guo Yuantao

The term of appointment (renewable) of the independent non-executive Directors is as follows:

Mr. Huang Dongliang	11 June 2025 to 10 June 2026
Mr. Zhang Yong	8 August 2025 to 7 August 2026
Mr. Xiao Gang	15 March 2025 to 14 March 2026
Dr. Guo Yuantao	29 August 2025 to 28 August 2026

In accordance with article 87 of the Amended and Restated Articles of Association, Dr. Zhang Tianren, Mr. Shi Borong and Mr. Zhou Jianzhong will retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting ("**AGM**").

Directors' Service Contracts

All of the executive Directors and independent non-executive Directors of the Company have entered into service contracts or letters of appointment with the Company. The term of appointment of each of Dr. Zhang Tianren, Mr. Zhang Aogen, Mr. Zhang Kaihong, Mr. Shi Borong and Mr. Huang Dongliang, is 3 years from 11 June 2007; the term of appointment of Mr. Zhou Jianzhong is 3 years from 27 March 2015; the term of appointment of Mr. Zhang Yong is 3 years from 8 August 2018; the term of appointment of Mr. Xiao Gang is 1 year from 15 March 2022 to 14 March 2023; and the term of appointment of Dr. Guo Yuantao is 1 year from 29 August 2024 to 28 August 2025. The term of appointment of each Director is renewable by mutual agreement of both parties unless terminated by not less than three months' prior notice in writing served by either party. All Directors are subject to retirement by rotation and re-election at the Company's AGM at least once every three years in accordance with article 87 of the Amended and Restated Articles of Association.

No Director proposed for re-election at the AGM has a service contract which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

Permitted Indemnity

The Company has taken out appropriate insurance coverage for the Directors in respect of legal actions taken against Directors and officers of the Group. The Board reviews the extent of the insurance coverage every year.

Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures

As at 31 December 2025, the interests and the short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and the debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures (Continued)

Long positions

Ordinary Shares of HK\$0.1 each of the Company:

Name of Director	Capacity	Number of interested Shares held (note 1)	Aggregate approximate percentage of issued share capital of the Company (note 7)
Zhang Tianren	Interest of a controlled corporation (note 2)	411,355,650 (L)	36.53%
	Interest of spouse (note 2)	258,000 (L)	0.02%
Zhang Aogen	Interest of a controlled corporation (note 3)	13,641,022 (L)	1.21%
Zhang Kaihong	Interest of a controlled corporation (note 4)	18,884,174 (L)	1.68%
Shi Borong	Interest of a controlled corporation (note 5)	15,686,141 (L)	1.39%
Zhou Jianzhong	Beneficial owner	2,362,815 (L)	0.21%
Huang Dongliang	Beneficial owner	240,000 (L)	0.02%

Notes:

- The letter "L" denotes long position in the Shares of the Company.
- The 411,355,650 Shares of the Company were held by Prime Leader Global Limited, which was wholly-owned by Dr. Zhang Tianren. 258,000 Shares were held by Ms. Yang Yaping, spouse of Dr. Zhang Tianren.
- The 13,641,022 Shares of the Company were held by Top Benefits International Limited, which was wholly-owned by Mr. Zhang Aogen.
- The 18,884,174 Shares of the Company were held by Plenty Gold Holdings Limited, which was wholly-owned by Mr. Zhang Kaihong.
- The 15,686,141 Shares of the Company were held by Precise Asia Global Limited, which was wholly-owned by Mr. Shi Borong.
- Shareholding percentage is based on 1,126,124,500 issued Shares of the Company as at 31 December 2025.

Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures (Continued)

Long positions (Continued)

Interest in an associated corporation, Zhejiang Tianneng New Materials Co., Ltd. (浙江天能新材料有限公司)

Name of Director	Capacity	Number of interested Shares held	Aggregate approximate percentage of issued share capital of the associated corporation
Zhang Tianren	Interest of a controlled corporation (Note (iii))	34,314,000 (L)	25%

Notes:

- (i) The letter "L" denotes long position in the shares of the associated corporation.
- (ii) The 34,314,000 shares of the associated corporation were held by Tianchang Holding Co., Ltd. (天暢控股有限公司), which was owned as to 98% by Dr. Zhang Tianren.

Retirement Benefits Scheme

Details of the retirement benefits scheme of the Group are set out in note 39 to the consolidated financial statements.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed on pages 63 to 65, at no time during the Year was the Company, its parent company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company or any of their spouses or children under 18 years of age to acquire benefits by means of acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate.

Directors' Interest in Competitors

As at the date of this report, within the knowledge of the Directors, no Director or any of his/her respective associates has any interest in a business which competes or may compete with the business of the Group.

Directors' Interests in Contracts of Significance

No transaction, arrangement or contract of significance, to which the Company, or any of its subsidiaries was a party and in which a Director or any entity in connection with any Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

Management Contracts

No contracts concerning the management and administration of the whole and any substantial part of the business of the Company were entered into or existed during the Year.

Substantial Shareholders

As at 31 December 2025, the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following persons, other than a Director or chief executive of the Company, had notified the Company of relevant interests and short positions in the Shares or underlying Shares of the Company which would have to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO in the issued share capital of the Company:

Ordinary Shares of HK\$0.1 each of the Company:

Name of Shareholder	Capacity	Number of Shares held (Note 1)	Approximate percentage of issued share capital of the Company (Note 3)
Zhang Tianren	Interest of a controlled corporation (Note 2)	411,355,650 (L)	36.53%
	Interest of spouse (Note 2)	258,000(L)	0.02%
Yang Yaping	Beneficial owner (Note 2)	258,000(L)	0.02%
	Interest of spouse (Note 2)	411,355,650 (L)	36.53%
Prime Leader Global Limited	Beneficial owner (Note 2)	411,355,650 (L)	36.53%

Notes:

- The letter "L" denotes long position in the Shares of the Company.
- The 411,355,650 Shares were held by Prime Leader Global Limited, which was wholly-owned by Dr. Zhang Tianren. 258,000 Shares were held by Ms. Yang Yaping, spouse of Dr. Zhang Tianren. Ms. Yang Yaping, being the spouse of Dr. Zhang Tianren, is deemed to be interested in the Shares held by Dr. Zhang Tianren.
- Shareholding percentage is based on 1,126,124,500 issued Shares of the Company as at 31 December 2025.

Share Option Scheme

On 18 May 2018, the Company by ordinary resolution approved the adoption of a new share option scheme (the "**2018 Share Option Scheme**"). No options have yet been granted under the 2018 Share Option Scheme.

The following is a summary of the terms of the 2018 Share Option Scheme:

(a) Purpose

To reward the participants who have contributed to the Group.

(b) Participants

As per existing terms of the 2018 Share Option Scheme, participants of the scheme may be any party falling within any one or more of the following items (i) to (v) whom the Board considers, in its sole discretion, has contributed or contributes to the Group:

- (i) all full-time employees, Directors (including independent non-executive Directors) and part-time employees with weekly working hours of 10 hours and above, of the Group;
- (ii) substantial shareholders of each member of the Group;
- (iii) associates of the directors and substantial shareholders of any member of the Group;
- (iv) trustee of any trust pre-approved by the Board; and
- (v) any advisor (professional or otherwise), consultant, distributor, supplier, agent, customer, joint venture partner, service provider to the Group.

(c) Total number of shares available for issue

- (i) The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2018 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time.
- (ii) Subject to sub-paragraph (i) above, the Shares which are the subject to options to be granted under the 2018 Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the Shares in issue on 18 May 2018, the date of approval of the scheme by the Shareholders (the "**2018 Scheme Limit**") unless approval of the Shareholders has been obtained pursuant to sub-paragraphs (iii) and (iv). Options lapsed in accordance with the terms of the 2018 Share Option Scheme and any other share option schemes of the Company will not be counted for the purpose of calculating the 2018 Scheme Limit.

- (iii) Subject to sub-paragraph (i) above, the Company may refresh the 2018 Scheme Limit at any time subject to prior Shareholders' approval. However, the 2018 Scheme Limit as "refreshed" must not exceed 10% of the Shares in issue as at the date of the aforesaid Shareholders' approval. Options previously granted under the 2018 Share Option Scheme and any other share option schemes (including those outstanding, cancelled, lapsed in accordance with the 2018 Share Option Scheme or any other share option scheme or exercised options) will not be counted for the purpose for calculating the limit as "refreshed". A circular containing information and the disclaimer required under the Listing Rules must be sent to the Shareholders in connection with the meeting at which their approval will be sought.
- (iv) Subject to sub-paragraph (i) above, the Company may also seek separate Shareholders' approval for granting options beyond the 2018 Scheme Limit to participants specifically identified by the Company before the aforesaid Shareholders' meeting where such approval is sought.
- (v) As at the latest practicable date prior to the issue of this annual report, 112,654,650 Shares were available for issue under the 2018 Share Option Scheme, representing approximately 10% of the total issued share capital of the Company at that date.

(d) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the relevant class of the Shares in issue from time to time. Any further grant of options to such participant beyond the limit must be subject to Shareholders' approval with such participant and his or her associates abstaining from voting.

(e) Option period

An option may be exercised at any time during a period to be determined and notified by the Board to each grantee and in any event such period of time shall not be more than ten years from the date on which the option is granted.

(f) Vesting period of the options granted

There is no general requirement that an option must be held for any minimum period before it can be exercised, but the Board may impose restrictions on the exercise of an option during the option period.

(g) Consideration on acceptance of the option

The grantee shall pay HK\$1.00 to the Company by way of consideration for the grant upon acceptance of the option.

DIRECTORS' REPORT

(h) Basis of determining the exercise price of option granted

The exercise price will be determined by the Board in its absolute discretion and will be no less than the highest of:

- (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of offer of the option;
- (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediately preceding the offer date; and
- (iii) the nominal value of a Share.

(i) Remaining life of the 2018 Share Option Scheme

The 2018 Share Option Scheme shall be valid and effective for a period of ten years commencing on 18 May 2018, the effective date of the scheme, and will expire on 17 May 2028.

Further details of the 2018 Share Option Scheme are set out in Note 38 to the financial statements.

As at 31 December 2025, for the 2018 Share Option Scheme, 112,654,650 options were available for grant under the 2018 Scheme Limit at the beginning and the end of the reporting period, and there is no service provider sublimit. No option was granted under all schemes of the Company during the Reporting Period.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period divided by the weighted average number of Shares for the Reporting Period is 0 and 0 respectively.

Independent Non-Executive Directors

Mr. Huang Dongliang has signed a letter of appointment with the Company for an initial period of three years commencing 11 June 2007 and renewable annually thereafter until terminated by either party giving not less than three months' prior written notice to the other. The letter of appointment of Mr. Huang Dongliang with the Company expired on 10 June 2010. Thereafter, the term of office of Mr. Huang Dongliang has been renewed for a further term of one year in each year. Mr. Zhang Yong (appointed with effect from 8 August 2018) has signed a service agreement with the Company for an initial period of three years commencing 8 August 2018. Mr. Xiao Gang (appointed with effect from 15 March 2022) has signed a service agreement with the Company for an initial period of one year commencing 15 March 2022. Dr. Guo Yuantao (appointed with effect from 29 August 2024) has signed a service agreement with the Company for an initial period of one year commencing 29 August 2024. The Company has received, from each of the independent non-executive Directors, a confirmation of his/her independence. The Company considers that all of the independent non-executive Directors are independent.

Emolument Policy

The Group's emolument policies are as follows:

- (i) the amount of remuneration is determined on a case by case basis depending on the Directors, or employees' relevant experience, responsibility, workload and the time devoted to the Group;
- (ii) non-cash benefits may be provided at the discretion of the Board to the relevant Directors or employees under their remuneration package; and
- (iii) the Directors or employees who are eligible participants under the share option scheme may be granted, at the discretion of the Board, options of the share option scheme adopted by the Company, as part of their remuneration package.

Dividend Policy

The Company has adopted a dividend policy, pursuant to which the Company may distribute profit by way of (i) cash or (ii) shares as may be determined by the Board from time to time. The profit distribution policy of the Company is:

- (a) Profit distribution policy of the Company shall achieve continuity, stability and sustainability;
- (b) The Company targets a payout ratio with balance on distribution of profits and profits retained for business operation and future development;
- (c) Profit distribution of the Company shall take into account:
 - (i) the earnings per share of the Company;
 - (ii) the reasonable return in investment of the investors and the Shareholders in order to provide incentive for them to continue to support the Company in their long-term development;
 - (iii) the financial conditions and business plan of the Company; and
 - (iv) the market sentiment and circumstances.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro rata basis to the existing Shareholders.

Major Customers and Suppliers

During the Year, the aggregate sales attributable to the Group's five largest customers amounted to 18.54% of the Group's turnover. The largest customer accounted for 8.44% of the Group's total turnover. During the Year, the Group's five largest suppliers accounted for 20.61% of the Group's total purchase and the largest supplier accounted for 6.17% of the Group's total purchase. At no time during the Year did a Director, an associate of a Director or a Shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

Corporate Governance

Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" section of this annual report.

Environmental Protection

Details of the Company's environmental policy and performance are published in the separate Environmental, Social and Governance Report which will be available at the Company's website and the website of the Stock Exchange at the same time as this annual report is published.

Audit Committee

The Audit Committee was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. Huang Dongliang (Chairman), Mr. Zhang Yong and Mr. Xiao Gang.

The Audit Committee meets regularly with the Company's senior management and the Company's auditors to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The Audit Committee has reviewed the annual results of the Group for the Reporting Period.

Donations

During the year ended 31 December 2025, the Group made charitable donations of approximately RMB1.258 million (2024: RMB6.2442 million).

Sufficiency of Public Float

From information publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, at least 25% of the Company's total issued share capital is held by the public throughout the year ended 31 December 2025 as required under the Listing Rules.

Auditor

A resolution will be submitted to the AGM to re-appoint Deloitte as the auditor of the Company.

On behalf of the Board

Zhang Aogen

Director

Hong Kong, 27 March 2026

CONTINUING CONNECTED TRANSACTIONS

Continuing Connected Transactions

Mutual Supply Agreement

Background

On 3 April 2025, the Company (for itself and on behalf of other member(s) of the Group) entered into the 2025-2027 Mutual Supply Agreement (the “**2025-27 MSA**”) with Zhejiang Changtong Technology Company Limited* (浙江暢通科技有限公司) (“**Zhejiang Changtong**”) for (i) the purchase of certain components for production of lead storage batteries (including plastic and glass fiber components) by member(s) of the Group from Zhejiang Changtong (“**Purchase Transactions**”) and (ii) the sale of plastic particles (lead acid recycled products) and other materials from member(s) of the Group to Zhejiang Changtong (“**Sale Transactions**”, together with the Purchase Transactions, the “**Transactions**”) during the three-year period commencing 1 January 2025 and expiring on 31 December 2027, both days inclusive. The 2025-27 MSA superseded the 2024-2026 Mutual Supply Agreement entered into between the Company and Zhejiang Changtong in respect of the annual caps of the Transactions for the years ending 31 December 2026, extended the term of the Transactions to 31 December 2027 and set the annual caps for 3 years ending 31 December 2027.

As at the date of the 2025-27 MSA, Zhejiang Changtong was owned as to 90% by Ms. Zhang Mei’e, being the sister of Dr. Zhang Tianren (an executive Director, the chairman of the Board and a controlling shareholder of the Company) and Mr. Zhang Aogen (an executive Director) and 10% by Mr. Ni Danqing, Ms. Zhang Mei’e’s spouse. As Ms. Zhang Mei’e and Mr. Ni Danqing are associates of Dr. Zhang Tianren and Mr. Zhang Aogen, Zhejiang Changtong is a connected person of the Company pursuant to Rule 14A.12(2) of the Listing Rules. Hence, the 2025-27 MSA and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

As set out in the Company’s announcement dated 16 May 2025, the ordinary resolution to approve the Purchase Transactions under the 2025-27 MSA and the annual caps for the Purchase Transactions for the three years ending 31 December 2027, was duly passed by the independent shareholders by way of poll at the extraordinary general meeting held on 16 May 2025.

Reasons for the transaction

As Zhejiang Changtong has maintained business relationship with the Group during the past few years and is familiar with the Group’s product specifications and quality requirements, it is able to respond quickly and in a cost effective manner to any new specifications that the Group may from time to time request. Furthermore, the 2025-27 MSA continues to allow the Group to source products needed for its ordinary and usual course of business at market price and terms and with assured stable quality, contributing towards the Group’s efforts in cost control and improving efficiency, as well as allows the Group to sell products to Zhejiang Changtong on terms no less favourable to the Group than terms available to the independent third parties. In addition, the Directors consider that the 2025-27 MSA can set out a framework to regulate and streamline the on-going transactions between members of the Group and Zhejiang Changtong.

Continuing Connected Transactions (Continued)

Pricing basis and policy

The pricing of the products for sale and purchase will be determined in accordance with the following principles: (i) the volume and amount of purchases of products as specified in the purchase order(s) placed, and/or purchase contract(s) to be entered into between relevant member(s) of the Group and Zhejiang Changtong; (ii) the agreed price(s) will be determined with reference to the reasonable cost of supply in respect of similar products from independent third party suppliers plus a reasonable profit margin to cover the related costs and expenses incurred; (iii) agreed prices should be fair and reasonable in the ordinary and usual course of business, and on terms and conditions determined in accordance with normal commercial terms, or if there are insufficient comparable transactions to determine whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) any other independent third party; (iv) agreed prices should be comparable with prevailing market prices; and (v) agreed prices should be no less favourable than those offered to independent third party enterprises of the same industry as the Group or Zhejiang Changtong (as appropriate) at the material time, to the extent that those products are of comparable nature, quality, brand and specification.

Annual caps

The annual caps of (i) the Purchase Transactions and (ii) the Sale Transactions for the year ended 31 December 2025 are RMB760,000,000 and RMB5,000,000, respectively.

Actual transaction values for the Year

The total transaction amount (i) paid to Zhejiang Changtong by the Group for the provision of the products and (ii) paid to the Group by Zhejiang Changtong for the provision of the products under the 2025-27 MSA for the Year were approximately RMB402,156,600 and RMB414,492.55, respectively.

The independent non-executive Directors have reviewed the above continuing connected transactions, and confirmed that they have been entered into:

- a) in the ordinary and usual course of businesses of the Group;
- b) on normal commercial terms; and
- c) in accordance with the relevant written agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

Continuing Connected Transactions (Continued)

The auditor of the Company was engaged to perform works on the continuing connected transactions set out above in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has provided a letter to the Board confirming nothing has come to their attention that causes them to believe that the continuing connected transactions disclosed above:

- (1) have not been approved by the listed issuer’s Board;
- (2) were not, in all material respects, in accordance with the pricing policies of the Group;
- (3) were not entered into, in all material respects, in accordance with the relevant agreements governing the transaction;
and
- (4) have exceeded the cap.

The Directors confirmed that the Company has complied with the applicable requirements under Chapter 14A of the Listing Rules with regard to those related party transactions which constituted connection transaction and continuing connected transactions (which are subject to disclosure and/or independent Shareholders’ approval requirements). Save for the aforementioned, other related party transactions as set out in note 45 to the financial statements did not constitute connected transaction/continuing connected transaction under the Listing Rules.

INDEPENDENT AUDITOR'S REPORT

Deloitte.

TO THE MEMBERS OF TIANNENG POWER INTERNATIONAL LIMITED

天能動力國際有限公司

(incorporated in the Cayman Islands with limited liability)

德勤

Opinion

We have audited the consolidated financial statements of Tianneng Power International Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 76 to 150, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key Audit Matter (Continued)

Key audit matter	How our audit addressed the key audit matter
<p>Cut-off of revenue recognition from contracts with customers</p> <p>As stated in notes 5 and 6 to the consolidated financial statements, operating profit of the Group was substantially contributed by the sales of lead-acid battery products from the manufacturing business segment. The sales of lead-acid battery products are recognised at a point in time when the goods are delivered to the customer's designated places and accepted by the customers.</p> <p>We identified the cut-off of revenue from sales of lead-acid battery products as a key audit matter because revenue is one of the key performance indicator of the Group which increase the risk of early recognition of revenue prior to transferring risk and reward to the customers.</p>	<p>Our audit procedures in relation to cut-off of revenue recognition of sales of lead-acid battery products included:</p> <ul style="list-style-type: none"> - Understanding the business process of revenue recognition of sales of lead-acid battery products and evaluating the design, implementation and operating effectiveness of key controls relevant to the cut-off of revenue recognition; - Reviewing the contracts for sales of lead-acid battery products, on a sample basis, to assess whether the Group's revenue recognition policy is in compliance with HKFRS 15 <i>Revenue from Contracts with Customers</i>; - Testing, on a sample basis, the recorded revenue before the year end by examining the underlying supporting evidences related to the respective sales transactions including acceptance notes, to assess whether the sales transactions are recorded in the correct financial period; and - Checking whether there are significant sales return after the year end and assessing their impacts to the financial statements.

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Cheung, Wilfred (practising certificate number: P06757).

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	NOTES	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenue	5	53,798,904	76,668,813
Cost of sales		(48,519,308)	(71,756,466)
Gross profit		5,279,596	4,912,347
Other income	7	1,638,636	2,100,727
Other gains and losses	8	80,049	61,989
Impairment losses under expected credit loss ("ECL") model, net of reversal	9	(8,026)	(38,271)
Distribution and selling expenses		(1,288,806)	(1,293,422)
Administrative expenses		(1,251,939)	(1,271,128)
Research and development costs		(2,013,125)	(2,033,214)
Share of results of associates		(9,675)	(485)
Finance costs	10	(433,508)	(546,530)
Profit before tax		1,993,202	1,892,013
Income tax expense	11	(330,250)	(594,106)
Profit for the year	12	1,662,952	1,297,907
Other comprehensive (expense) income			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of income tax		(17,319)	(69,131)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(7,579)	237
Other comprehensive expense for the year, net of income tax		(24,898)	(68,894)
Total comprehensive income for the year		1,638,054	1,229,013
Profit for the year attributable to:			
Owners of the Company		1,436,758	1,142,405
Non-controlling interests		226,194	155,502
		1,662,952	1,297,907
Total comprehensive income attributable to:			
Owners of the Company		1,411,860	1,073,511
Non-controlling interests		226,194	155,502
		1,638,054	1,229,013
Earnings per share	15		
– Basic (RMB)		1.28	1.01
– Diluted (RMB)		1.28	1.01

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	As at 31 December	
		2025 RMB'000	2024 RMB'000
Non-current Assets			
Property, plant and equipment	16	13,969,353	14,223,807
Right-of-use assets	17	1,356,838	1,338,989
Goodwill		499	499
Interests in associates	18	342,198	315,515
Interest in a joint venture	19	17,200	–
Equity instruments at FVTOCI	20	212,771	246,553
Deferred tax assets	21	958,162	917,023
Deposits for acquisition of property, plant and equipment		217,246	252,118
Loan receivables	25	75,874	122,452
Pledged/restricted bank deposits	28	4,039,280	4,645,820
		21,189,421	22,062,776
Current Assets			
Inventories	22	7,695,627	8,283,938
Properties under development for sale/properties for sale	23	905,743	1,009,158
Bills, trade and other receivables	24	6,342,613	4,581,076
Loan receivables	25	574,330	658,540
Amounts due from related parties	30	22,347	13,728
Debt instruments at FVTOCI	31	391,142	397,042
Financial assets at fair value through profit or loss ("FVTPL")	27	3,018,417	1,510,436
Pledged/restricted bank deposits	28	6,484,383	7,624,484
Time deposits	28	690,000	–
Cash and cash equivalents	28	7,825,395	9,139,377
		33,949,997	33,217,779
Current Liabilities			
Bills, trade and other payables	29	16,555,647	13,292,894
Amounts due to related parties	30	224,849	114,969
Taxation liabilities		202,403	383,422
Borrowings	31	10,309,173	12,720,516
Derivative financial instruments	27	48,812	–
Lease liabilities	32	6,493	5,427
Provision	33	499,067	500,550
Contract liabilities	34	2,072,606	2,254,577
		29,919,050	29,272,355
Net Current Assets		4,030,947	3,945,424
Total Assets less Current Liabilities		25,220,368	26,008,200
Non-current Liabilities			
Deferred tax liabilities	21	77,869	80,769
Borrowings	31	3,321,713	5,800,964
Lease liabilities	32	29,526	21,884
Deferred government grants	35	1,473,153	1,195,660
		4,902,261	7,099,277
Net Assets		20,318,107	18,908,923

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	As at 31 December	
		2025 RMB'000	2024 RMB'000
Capital and Reserves			
Share capital	36	109,850	109,850
Share premium and reserves	37	17,188,576	16,050,716
Equity attributable to owners of the Company		17,298,426	16,160,566
Non-controlling interests		3,019,681	2,748,357
Total Equity		20,318,107	18,908,923

The consolidated financial statements on pages 76 to 150 were approved and authorised for issue by the board of directors on 27 March 2026 and are signed on its behalf by:

Dr. Zhang Tianren
DIRECTOR

Mr. Zhang Aogen
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company											Non-controlling interests	Total
	Share capital	Share premium	Special reserve	Capital reserve	Share options reserve	Investment revaluation reserve	Translation reserve	Statutory surplus reserve fund	Discretionary surplus reserve fund	Retained profits	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	109,850	778,567	10,000	3,658,601	33,395	(176,745)	-	1,521,149	143,212	9,781,851	15,859,880	2,584,743	18,444,623
Profit for the year	-	-	-	-	-	-	-	-	-	1,142,405	1,142,405	155,502	1,297,907
Other comprehensive (expense) income for the year	-	-	-	-	-	(69,131)	237	-	-	-	(68,894)	-	(68,894)
Total comprehensive (expense) income for the year	-	-	-	-	-	(69,131)	237	-	-	1,142,405	1,073,511	155,502	1,229,013
Transfer	-	-	-	-	-	-	-	42,292	-	(42,292)	-	-	-
Dividend recognised as distribution (note 14)	-	-	-	-	-	-	-	-	-	(440,832)	(440,832)	-	(440,832)
Dividend paid/payable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(90,741)	(90,741)
Disposal of investments in equity instruments at FVTOCI	-	-	-	-	-	(20,039)	-	-	-	20,039	-	-	-
Acquisition of additional interest in a subsidiary (note)	-	-	-	(331,993)	-	-	-	-	-	-	(331,993)	121,993	(210,000)
Repurchase of shares of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(29,886)	(29,886)
Lapse of share options (note 38)	-	-	-	-	(33,395)	-	-	-	-	33,395	-	-	-
Recognition of equity-settled share based payment (note 38)	-	-	-	-	-	-	-	-	-	-	-	6,746	6,746
At 31 December 2024	109,850	778,567	10,000	3,326,608	-	(265,915)	237	1,563,441	143,212	10,494,566	16,160,566	2,748,357	18,908,923
Profit for the year	-	-	-	-	-	-	-	-	-	1,436,758	1,436,758	226,194	1,662,952
Other comprehensive expense for the year	-	-	-	-	-	(17,319)	(7,579)	-	-	-	(24,898)	-	(24,898)
Total comprehensive (expense) income for the year	-	-	-	-	-	(17,319)	(7,579)	-	-	1,436,758	1,411,860	226,194	1,638,054
Transfer	-	-	-	-	-	-	-	65,388	-	(65,388)	-	-	-
Dividend recognised as distribution (note 14)	-	-	-	-	-	-	-	-	-	(176,405)	(176,405)	-	(176,405)
Dividend paid/payable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(132,080)	(132,080)
Transfer of investments in equity instruments at FVTOCI upon deemed disposal	-	-	-	-	-	1,260	-	-	-	(1,260)	-	-	-
Acquisition of non-controlling interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(14,322)	(14,322)
Repurchase of shares of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(25,123)	(25,123)
Transfer upon vesting of awarded shares (note 38)	-	-	-	(97,594)	-	-	-	-	-	-	(97,594)	215,904	118,310
Recognition of equity-settled share based payment (note 38)	-	-	-	-	-	-	-	-	-	-	-	750	750
At 31 December 2025	109,850	778,567	10,000	3,229,014	-	(281,974)	(7,342)	1,628,829	143,212	11,688,270	17,298,426	3,019,681	20,318,107

Note: On 25 January 2024, a Share Transfer Agreement was entered into by Saft Groupe SAS, Tianneng Battery Group Co., Ltd. 天能電池集團股份有限公司 (“Tianneng Share”, an indirect non-wholly owned subsidiary of the Company), Zhejiang Changxing Tianneng Power Co., Ltd. 浙江長興天能電源有限公司 (an indirect non-wholly owned subsidiary of the Company) and Zhejiang Tianneng Energy Storage Technology Development Co., Ltd. 浙江天能儲能科技發展有限公司 (formerly known as Tianneng SAFT Energy Co., Ltd. 天能帥福得能源股份有限公司, “Tianneng SAFT”, an indirect non-wholly owned subsidiary of the Company). Pursuant to the Share Transfer Agreement, Tianneng Share agreed to acquire 40% equity interest in Tianneng SAFT from Saft Groupe SAS with a cash consideration of RMB210,000,000. The Group's interest in Tianneng SAFT increased from 60% to 100% accordingly upon the completion of the transaction. The increase of the Group's equity interests in Tianneng SAFT from 60% to 100% did not result in the change of the Group's control over Tianneng SAFT and is accordingly accounted for as an equity transaction. The surplus of approximately RMB331,993,000, representing the difference between the consideration of RMB210,000,000 and the amount of deficit of non-controlling interests of approximately RMB121,993,000, was debited to the capital reserve.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Operating activities		
Profit before tax	1,993,202	1,892,013
Adjustments for:		
Interest income	(272,663)	(484,960)
Amortisation of deferred government grants	(98,446)	(75,097)
Dividend income	(4,316)	(12,936)
Finance costs	433,508	546,530
Share of results of associates	9,675	485
Depreciation of property plant and equipment	1,206,301	1,076,997
Depreciation of right-of-use assets	36,625	39,413
Loss on disposal/write-off of property, plant and equipment	52,284	46,643
Impairment loss under ECL model, net of reversal	8,026	38,271
Impairment loss on property, plant and equipment	71,690	266,086
Recognition of allowance for inventories	24,554	122,203
Share-based payments	750	6,746
Gains on structured bank deposits	(93,916)	(34,963)
Fair value change of investments in listed equity securities	(49,508)	6,261
Fair value change of derivative financial instruments	71,277	(53,327)
Net foreign exchange (gain) losses	(41,013)	1,410
Operating cash flows before movements in working capital	3,348,030	3,381,775
Decrease (increase) in inventories	563,757	(1,598,626)
Decrease (increase) in properties under development for sale	84,482	(125,667)
(Increase) decrease in bills, trade and other receivables	(1,726,636)	451,720
Decrease in debt instruments at FVTOCI	5,900	79,051
Increase in bills, trade and other payables	3,984,033	206,610
Decrease in contract liabilities	(181,971)	(459,198)
Decrease in provision	(1,483)	(130,958)
Increase (decrease) in amounts due to related parties	109,880	(124,492)
(Increase) decrease in amounts due from related parties	(8,619)	9,588
Cash generated from operations	6,177,373	1,689,803
Interest paid	(431,988)	(475,413)
Income tax paid	(554,450)	(665,225)
Net cash from operating activities	5,190,935	549,165

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Investing activities		
Interest received	272,663	484,960
Investments in associates	(23,820)	(2,000)
Investments in a joint venture	(17,200)	–
Disposal of investment in an associate	–	4,609
Dividend received from an associate	3,067	–
Dividend income from equity instruments at FVTOCI	4,316	12,936
Proceeds from disposal of property, plant and equipment	35,587	155,358
Proceeds from disposal of leasehold lands	9,651	–
Purchase of property, plant and equipment	(1,302,958)	(2,247,181)
Purchases of equity instruments at FVTPL	120,526	(36,677)
Disposal of equity instruments at FVTOCI	–	28,791
Cash (outflow) inflow from derivative financial instruments	(21,859)	60,235
Placement of pledged/restricted bank deposits	(10,523,663)	(12,270,304)
Withdrawal of pledged/restricted bank deposits	12,270,304	5,979,539
Placement of time deposits	(690,000)	–
Placement of structured bank deposits	(24,296,000)	(11,160,000)
Withdrawal of structured bank deposits	22,810,311	10,028,863
Asset-related government grants received	375,939	177,210
Deposit for acquisition of property, plant and equipment	(158,871)	(252,118)
Acquisition of right-of-use assets	(50,439)	(3,418)
Payment to independent third parties for loan receivables	(527,752)	(482,203)
Receipt of repayment for loan receivables	644,935	1,058,766
Net cash used in investing activities	(1,065,263)	(8,462,634)
Financing activities		
New borrowings raised	14,585,700	12,395,570
Repayments of borrowings	(19,670,907)	(2,941,615)
Dividends paid	(176,424)	(440,779)
Dividends paid to non-controlling interests	(132,080)	(90,741)
Consideration paid for redemption of redeemable ordinary shares of a subsidiary	–	(1,072,302)
Repayment of lease liabilities	(6,498)	(12,995)
Acquisition of additional interest in a subsidiary	(14,322)	(210,000)
Repurchase of shares of a subsidiary	(25,123)	(29,886)
Net cash (used in) from financing activities	(5,439,654)	7,597,252
Net decrease in cash and cash equivalents	(1,313,982)	(316,217)
Cash and cash equivalents at the beginning of the year	9,139,377	9,455,594
Total cash and cash equivalents at the end of the year, represented by cash and cash equivalents	7,825,395	9,139,377

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL

Tianneng Power International Limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 16 November 2004 and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) with effect from 11 June 2007. The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporation Information” section of the annual report.

The Company is an investment holding company. The principal activities of its subsidiaries are the manufacture and sales of lead-acid battery products, lithium-ion battery products and recycled materials and trading of materials. The Company and its subsidiaries are collectively referred to as the “**Group**”.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards HKFRS 18	Annual Improvements to HKFRS Accounting Standards – Volume 11 ² Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(Continued)

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1 *Presentation of Financial Statements*, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the title of which will be changed to Basis of Preparation of Financial Statements upon effective of HKFRS 18) and HKFRS 7 Financial Instruments: Disclosures. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

HKFRS 18 requires retrospective application with specific transition provisions. The application of HKFRS 18 is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. Additional disclosures required for the Group's MPMs will be disclosed in a separate note to the consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Basis of consolidation (Continued)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investments in associates and a joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and a joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's and the joint venture's accounting policies to those of the Group. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Investments in associates and a joint venture (Continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Acquisition of additional interests in associates or a joint venture

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or a joint venture acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in notes 4, 5 and 34.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition that have a lease term of 12 months or less from the commencement date and do not contain a purchase option.

Lease payments on short-term leases are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) at exchange rate prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowings that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred government grants in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Share-based payments

Equity-settled share-based payment transactions

Restricted shares of a subsidiary granted to employees

For restricted shares granted under share award scheme of a subsidiary of the Company ("**Restricted Shares**"), the fair value of the employee services received is determined by reference to the fair value of the Restricted Shares granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (non-controlling interests). At the end of each reporting period, the Group revises its estimates of the number of Restricted Shares that are expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the estimates, if any, is recognised in the profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to non-controlling interests.

When the Restricted Shares are vested, the amount previously recognised in non-controlling interests will continue to be held in non-controlling interests.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purpose of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The cost of those items is measured in accordance with the measurement requirements of HKAS 2. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than construction in progress, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Impairment on property, plant and equipment and right-of-use assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in marketing, selling and distribution.

Properties under development which are intended to be sold upon completion of development are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties under development for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in marketing, selling and distribution.

Properties under development for sale are transferred to properties for sale upon completion.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of lead-acid motive battery products are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative except for a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments/receivables had been measured at amortised cost. All other changes in the carrying amount of these receivables are recognised in other comprehensive income and accumulated under the heading of other FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these receivables. When these receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss include any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under ECL model on financial assets (including bills, trade and other receivables, loan receivables, amounts due from related parties, debt instruments at FVTOCI, pledged/restricted bank deposits, time deposits, bank balances and financial guarantee contracts) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables and bills receivables. The ECL on trade receivables are assessed individually for debtors credit-impaired and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk *(Continued)*

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward looking information, including time value of money where appropriate, that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL (Continued)

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Trade receivables which are credit-impaired are assessed for ECL individually. For trade receivables which are not assessed individually, lifetime ECL is considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for receivables that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, other receivables, loan receivables, amounts due from related parties and amount due from an associate where the corresponding adjustment is recognised through a loss allowance account. For receivables that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the other FVTOCI reserve without reducing the carrying amount of these receivables. Such amount represents the changes in the other FVTOCI reserve in relation to accumulated loss allowance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "Other gains and losses" line item (note 8) as part of the net foreign exchange losses;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "Other gains and losses" line item as part of the net gain/(loss) from changes in fair value of financial assets at FVTPL (note 8);
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the FVTOCI.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of receivables that are measured at FVTOCI, the cumulative gain or loss previously accumulated in the other FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issued costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities at amortised cost, including bills, trade and other payables, amounts due to related parties, and borrowings are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other gains and losses' line item in profit or loss (note 8) as part of net foreign exchange losses for financial liabilities that are not part of a designated hedging relationship.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of HKFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of HKFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgement in applying accounting policies (Continued)

Principal versus agent consideration (principal)

The Group engages in trading of materials. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods and the Group is exposed to inventory risk. When the Group satisfies the performance obligation, the Group recognises trading revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

During the year ended 31 December 2025, the Group recognised revenue relating to trading amounted to RMB5,881,351,000 (2024: RMB33,109,666,000).

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Deferred tax asset

As at 31 December 2025, deferred tax assets of RMB958,162,000 (2024: RMB917,023,000) in relation to unused tax losses, accrued warranty, deferred government grants and other temporary differences have been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of RMB2,141,548,000 (2024: RMB1,477,548,000) and deductible temporary differences of RMB1,211,007,000 (2024: RMB1,022,991,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place. Further details of deferred taxation are disclosed in note 21.

Provision of ECL for trade receivables

Trade receivables which are credit-impaired are assessed for ECL individually. In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually. The Group groups its trade receivables based on internal credit ratings of various debtors that have similar loss patterns. The Group applies a provision matrix to these groupings and the provision rates are determined taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL assessment and the Group's trade receivables are disclosed in note 42 and note 24, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Types of goods or service		
Manufacturing business		
Lead-acid battery products	39,765,590	39,853,742
Renewable resources products	5,549,611	2,720,533
Lithium-ion battery products	1,541,265	478,360
Others (note)	1,061,087	506,512
Trading	5,881,351	33,109,666
	53,798,904	76,668,813
Geographical markets		
Mainland China	53,258,773	76,362,071
Others	540,131	306,742
	53,798,904	76,668,813
Timing of revenue recognition		
A point in time	53,716,077	76,578,901
Over time	82,827	89,912
	53,798,904	76,668,813

Note: It includes provision of freight transportation service, sales of other products and properties.

(ii) Performance obligations for contracts with customers and revenue recognition policies

Sales of goods (revenue recognised at a point in time)

The Group sells lead-acid battery products, renewable resources products, lithium-ion battery products and other products to customers. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 45 to 90 days upon delivery.

Sales-related warranties associated with lead-acid battery products and lithium-ion battery products cannot be purchased separately and they serve as an assurance type of warranty that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with HKAS 37.

5. REVENUE (Continued)

(ii) Performance obligations for contracts with customers and revenue recognition policies (Continued)

Trading (revenue recognised at a point in time)

The Group recognises revenue from trading of materials when the control of materials has transferred, being when customers collect the materials or obtain the control of the materials at the warehouse. Following the transfer, customers have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility when on selling the goods and bear the risks of obsolescence and loss in relation to the goods. Customers are normally required to make full prepayment before goods delivery.

Development and sales of properties (revenue recognised at a point in time)

Revenue from sales of residential properties is recognised at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property. During the year end 31 December 2025, RMB287,798,000 of properties revenue were recognised (2024:nil).

Freight transportation service (revenue recognised over time)

The performance obligation is satisfied over time as services are rendered and payment is generally due upon delivery of the shipments and issuance of the invoice to the customers.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) in relation to sales of properties as at 31 December 2025 and 2024 and the expected timing of recognising revenue are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within one year	8,759	250,393

All other sales contracts with customers are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION

The Group's operating and reportable segments are based on information prepared and reported to the chief operating decision makers ("CODM"), being the board of directors of the Company, for the purposes of resources allocation and performance assessment. For the manufacturing operation, there was no further discrete financial information since the financial information provided to the CODM does not contain profit or loss information of each product line or each market segment and the CODM reviews the operating results of the manufacturing operation on a consolidated basis. Therefore, the operation of the Group constitutes two single operating and reportable segments, (1) manufacturing business and (2) trading.

The CODM makes decisions according to operating results of each segment. No analysis of segment assets and segment liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented. The accounting policies of the operating and reportable segment are the same as the Group's accounting policies described in note 3. Segment results represent the profits earned by each segment and exclude certain other gains and losses, share of results of associates, corporate administrative expenses and finance costs. Inter-segment sales are charged at cost plus profit approach.

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Segment revenue		
Manufacturing business		
– external sales	47,917,553	43,559,147
Trading		
– external sales	5,881,351	33,109,666
– inter-segment sales	3,547,318	6,139,059
Segment revenue	57,346,222	82,807,872
Eliminations	(3,547,318)	(6,139,059)
Group revenue	53,798,904	76,668,813
Segment results		
Manufacturing business	1,599,348	1,358,978
Trading	22,116	(64,618)
	1,621,464	1,294,360
Unallocated		
Other gains and losses	80,049	61,989
Share of results of associates	(9,675)	(485)
Corporate administrative expenses	(8,519)	(6,836)
Finance costs	(20,367)	(51,121)
Profit for the year	1,662,952	1,297,907

6. SEGMENT INFORMATION (Continued)

Geographical information

The Group primarily operates in the PRC. The Group's non-current assets are mainly located in the PRC.

Information about major customers

During the year ended 31 December 2025 and 2024, none of the Group's individual customer contributed more than 10% to the total revenue of the Group.

7. OTHER INCOME

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Government grants		
– related to income (note i)	1,193,326	1,400,545
– related to assets (note ii)	98,446	75,097
Interest income from bank deposits and bank balances	221,207	401,429
Interest income from loan receivables	51,456	83,531
Income from sales of scrap materials	69,885	127,189
Dividend income	4,316	12,936
	1,638,636	2,100,727

Notes:

- The government grants related to income mainly represent unconditional government subsidies received from relevant government bodies to encourage the operations of certain subsidiaries. The government grants are accounted for as immediate financial support with no future related costs expected to be incurred and are not related to any assets.
- The government grants related to assets mainly represent government subsidies obtained in relation to the acquisition of land use right or property, plant and equipment of certain subsidiaries of the Group, which were included in the consolidated statement of financial position as deferred government grants and credited to profit or loss on a straight-line basis over the lease term of the land use right or the useful life of the equipment.

8. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Net gains (losses) on financial assets at FVTPL		
– structured bank deposits	93,916	34,963
– investments in listed equity securities	49,508	(6,261)
– commodity derivative contracts	(22,896)	49,102
– foreign currency forward contracts	(48,381)	4,225
Losses on disposal/written off of property, plant and equipment	(52,284)	(46,643)
Net foreign exchange gains (losses)	30,167	(1,410)
Others	30,019	28,013
	80,049	61,989

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Impairment losses, net of reversal, recognised (reversed) on		
– trade receivables	5,550	17,491
– other receivables	(11,129)	(4,799)
– loan receivables	13,605	25,579
	8,026	38,271

Details of impairment assessment are set out in note 42.

10. FINANCE COSTS

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Interest on borrowings	327,654	368,043
Interest on factorised bills	104,334	107,370
Interest on redemption liabilities on ordinary shares of a subsidiary	–	68,711
Interest on lease liabilities	1,520	2,406
	433,508	546,530

11. INCOME TAX EXPENSE

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
People's Republic of China (the "PRC") Enterprise Income Tax ("EIT"):		
– Current tax	351,796	552,825
Deferred tax (note 21):		
– Current year	(21,546)	41,281
	330,250	594,106

The Company was incorporated in the Cayman Islands and Tianneng International Investment Holdings Limited, a wholly owned subsidiary of the Company, was incorporated in the British Virgin Islands (the "BVI") and they are tax exempted as no business has been carried out in the Cayman Islands and the BVI under the tax laws of the Cayman Islands and the BVI, respectively.

The subsidiaries of the Company operating in Hong Kong did not have tax assessable profit during both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. In accordance with the "Notice of the State Tax Bureau of the Ministry of Finance Regarding Certain Preferential Treatment Policies on Enterprise Income Tax", New and High Technical Enterprise is subject to income tax at a preferential tax rate of 15%. Certain subsidiaries of the Company were qualified as New and High Technical Enterprises in accordance with the applicable EIT Law and are subject to income tax at a preferential tax rate of 15% for both years according to the EIT Law.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. INCOME TAX EXPENSE (Continued)

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit before tax	1,993,202	1,892,013
Tax at the applicable income tax rate of 25% (2024: 25%)	498,301	473,003
Tax effect of expenses not deductible for tax purposes	5,061	9,034
Tax effect of tax losses not recognised	186,545	198,836
Utilisation of tax losses previously not recognised	(20,545)	(24,109)
Tax effect of deductible temporary differences not recognised	47,004	96,935
Income tax at concessionary rates	(241,166)	(16,001)
Tax effect of additional deduction related to research and development costs and certain staff costs	(164,162)	(189,940)
Withholding tax on undistributed profits of PRC subsidiaries	19,212	46,348
	330,250	594,106

In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognised in other comprehensive income:

	Year ended 31 December 2025			Year ended 31 December 2024		
	Before-tax amount RMB'000	Tax expense RMB'000	Net-of- income tax amount RMB'000	Before-tax amount RMB'000	Tax expense RMB'000	Net-of- income tax amount RMB'000
Item that will not be reclassified to profit or loss:						
Fair value (loss) gain on investment in equity instruments at FVTOCI	(18,177)	858	(17,319)	(80,307)	11,176	(69,131)

12. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Directors' remuneration (note 13)	5,584	4,685
Other staff costs	2,656,768	2,709,549
Retirement benefits scheme contributions, excluding directors	182,934	190,013
Share-based payments	750	6,746
Total staff costs	2,846,036	2,910,993
Depreciation of property, plant and equipment	1,206,301	1,076,997
Depreciation of right-of-use assets	36,625	39,413
Impairment losses recognised on property, plant and equipment included in cost of sales	71,690	266,086
Auditor's remuneration	2,470	2,380
Cost of inventories sold	45,885,139	68,845,473
Write-down of inventories (included in cost of sales)	24,554	122,203

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

For the year ended 31 December 2025

	Fees RMB'000	Salaries and other benefits RMB'000	Contributions to retirement benefit schemes RMB'000	Total RMB'000
Executive directors (note i)				
Zhang Tianren (note ii)	–	2,855	16	2,871
Zhang Aogen	–	698	–	698
Zhang Kaihong	–	468	–	468
Shi Borong	–	–	–	–
Zhou Jianzhong	–	726	21	747
Independent non-executive directors (note i)				
Huang Dongliang	200	–	–	200
Zhang Yong	200	–	–	200
Xiao Gang	200	–	–	200
Guo Yuantao (note iii)	200	–	–	200
Total	800	4,747	37	5,584

For the year ended 31 December 2024

	Fees RMB'000	Salaries and other benefits RMB'000	Contributions to retirement benefit schemes RMB'000	Total RMB'000
Executive directors (note i)				
Zhang Tianren (note ii)	–	2,073	–	2,073
Zhang Aogen	–	643	–	643
Zhang Kaihong	–	583	–	583
Shi Borong	–	–	–	–
Zhou Jianzhong	–	698	20	718
Independent non-executive directors (note i)				
Huang Dongliang	200	–	–	200
Zhang Yong	200	–	–	200
Xiao Gang	200	–	–	200
Guo Yuantao (note iii)	68	–	–	68
Total	668	3,997	20	4,685

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Notes:

- i. The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.
- ii. Dr. Zhang Tianren is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.
- iii. Dr. Guo Yuantao has been appointed as an independent non-executive director of the Company with effect from 29 August 2024.

For the years ended 31 December 2025, one (2024: one) director of the Company was included in the five highest paid individuals, details of whose emoluments are set out above. The emoluments of the five highest paid individuals during the year are as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Basic salaries and allowances	12,080	10,552
Retirement benefits scheme contributions	95	120
	12,175	10,672

The emoluments of the five highest paid individuals are within the following bands:

	Number of employees	
	2025	2024
Hong Kong dollar ("HK\$") 1,500,001 to HK\$2,000,000	2	–
HK\$2,000,001 to HK\$2,500,000	–	4
HK\$2,500,001 to HK\$3,000,000	1	1
HK\$3,000,001 to HK\$3,500,000	2	–

During the year, no emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived or agreed to waive any emoluments during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. DIVIDENDS

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Dividends declared during the year:		
2025: 2024 final dividend of HK\$17.00 cents (equivalent to RMB15.69 cents)		
2024: 2023 final dividend of HK\$43.00 cents (equivalent to RMB39.15 cents)		
	176,406	440,832

Subsequent to the end of the reporting period, a final dividend of HK\$36.00 cents (equivalent to RMB31.81 cents) (2024: HK\$17.00 cents (equivalent to RMB15.69 cents)) in respect of the year ended 31 December 2025 per ordinary share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

15. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Earnings:		
Earnings for the purposes of calculating basic and diluted earnings per share – attributable to owners of the Company	1,436,758	1,142,405

	Year ended 31 December	
	2025	2024
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,126,124,500	1,126,124,500
Effect of dilutive potential ordinary shares – share options	–	8,177,341
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,126,124,500	1,134,301,841

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2024	6,097,211	7,226,097	129,575	396,602	3,531,582	17,381,067
Additions	582,266	725,288	13,234	48,496	1,345,514	2,714,798
Transfers	1,233,402	1,140,752	–	–	(2,374,154)	–
Disposals/write-off	(32,103)	(316,429)	(5,474)	(10,885)	(24,974)	(389,865)
At 31 December 2024	7,880,776	8,775,708	137,335	434,213	2,477,968	19,706,000
Additions	368,416	434,412	6,645	25,086	313,750	1,148,309
Transfers	133,252	671,588	124	2,154	(807,118)	–
Disposals/write-off	(50,046)	(191,115)	(9,731)	(5,854)	(39,155)	(295,901)
Exchange adjustments	–	–	–	–	(7,579)	(7,579)
At 31 December 2025	8,332,398	9,690,593	134,373	455,599	1,937,866	20,550,829
DEPRECIATION AND IMPAIRMENT						
At 1 January 2024	1,489,599	2,488,224	84,992	264,159	–	4,326,974
Provided for the year	349,647	676,155	18,023	33,172	–	1,076,997
Impairment loss recognised in profit or loss	–	193,699	–	–	72,387	266,086
Disposals/write-off	(5,474)	(169,054)	(4,731)	(8,605)	–	(187,864)
At 31 December 2024	1,833,772	3,189,024	98,284	288,726	72,387	5,482,193
Provided for the year	378,307	775,790	15,262	36,942	–	1,206,301
Impairment loss recognised in profit or loss	–	24,744	–	–	46,946	71,690
Transfers	145	18,028	–	–	(18,173)	–
Disposals/write-off	(29,325)	(136,522)	(8,555)	(4,292)	(14)	(178,708)
At 31 December 2025	2,182,899	3,871,064	104,991	321,376	101,146	6,581,476
CARRYING VALUES						
At 31 December 2025	6,149,499	5,819,529	29,382	134,223	1,836,720	13,969,353
At 31 December 2024	6,047,004	5,586,684	39,051	145,487	2,405,581	14,223,807

The above items of property, plant and equipment, except for construction in progress, after taking into account the residual values, are depreciated on a straight-line basis at the following useful life:

Buildings	20 years
Plant and machinery	10 years
Motor vehicles	5 years
Furniture, fixtures and equipment	5-10 years

As at 31 December 2025, included in buildings held for own use are buildings with aggregate carrying amount of approximately RMB2,243,123,000 (2024: RMB2,950,906,000) whose property certificates are in the process of obtaining.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Impairment assessment

During the year ended 31 December 2025, increasing competition in the lithium-ion battery market leading to declining demand and reduced production volumes, the management concluded that there was indication for impairment and conducted impairment assessment on certain equipment in respect of lithium-ion battery production with carrying amounts of RMB296,836,000. The recoverable amounts of these equipment have been determined based on their fair value less costs of disposal. The Group uses direct comparison approach to estimate the fair value less costs of disposal which is based on the recent transaction prices for similar equipment adjusted for nature and conditions. The fair value measurement is categorised into Level 3 fair value hierarchy. The relevant assets were impaired to their recoverable amount of RMB225,146,000, which is their carrying values at 31 December 2025 and the impairment of RMB71,690,000 has been recognised in profit or loss in the cost of sales line item during the year ended 31 December 2025.

17. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Leased properties RMB'000	Total RMB'000
As at 31 December 2025			
Carrying amounts	1,321,679	35,159	1,356,838
As at 31 December 2024			
Carrying amounts	1,310,708	28,281	1,338,989
For the year ended 31 December 2025			
Depreciation charge	29,817	6,808	36,625
For the year ended 31 December 2024			
Depreciation charge	29,729	9,684	39,413
		Year ended 31 December	
		2025	2024
		RMB'000	RMB'000
Expense relating to short-term leases		21,448	11,562
Total cash outflow for leases		78,385	27,975
Additions to right-of-use assets		64,125	27,788

The Group leases various (i) properties lease agreements are typically made for fixed periods of 2 to 5 years with only fixed payments and; (ii) leasehold lands lease agreements are typically made for fixed periods of 50 or 70 years. Lease terms of properties are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. RIGHT-OF-USE ASSETS (Continued)

As at 31 December 2025 and 2024, the Group has obtained the land use right certificates for all leasehold lands.

Restrictions or covenants on leases

In addition, lease liabilities of RMB36,019,000 are recognised with related right-of-use assets of RMB35,159,000 as at 31 December 2025 (2024: liabilities of RMB27,311,000 are recognised with related right-of-use assets of RMB28,281,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

18. INTERESTS IN ASSOCIATES

	As at 31 December 2025 RMB'000	2024 RMB'000
Cost of investment in associates	360,460	321,035
Share of post-acquisition losses and other comprehensive expenses, net of dividends received	(18,262)	(5,520)
	342,198	315,515

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of entities	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activities
			2025	2024	2025	2024	
浙江谷尚智能科技有限公司 Zhejiang Gushang Intelligent Technology Co., Ltd. ("Zhejiang Gushang")	PRC	PRC	20%	20%	20%	20%	Research and development of industrial robots
航天國華生態環境(浙江)有限公司 Aerospace Guohua Ecological Environment (Zhejiang) Co., Ltd. ("Aerospace Guohua")	PRC	PRC	20%	20%	20%	20%	Manufacture and sale of recyclable materials
連雲港市雲海電源有限公司 Lianyungang Yunhai Power Supply Co., Ltd. ("Lianyungang Yunhai")	PRC	PRC	23%	23%	23%	23%	Manufacture and sale of lead-acid battery products
浙江長興綠色電池科技有限公司 Zhejiang Changxing Green Battery Technology Co., Ltd.	PRC	PRC	20%	20%	20%	20%	Research and development of new energy technology
安徽和鼎機電設備有限公司 Anhui Heding Electromechanical Equipment Co., Ltd. ("Anhui Heding") (note)	PRC	PRC	16%	12%	16%	12%	Manufacture and sale of battery products

Note: In the prior year, the Group held 12% interest in Anhui Heding and accounted for FVTOCI. During the current year, the Group increases the investment in Anhui Heding from 12% to 16% ownership interest and is able to exercise significant influence over Anhui Heding because it has the power to appoint one out of the five directors of Anhui Heding under the articles of association of Anhui Heding. Accordingly, the investment was reclassified from FVTOCI to investment in an associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of material associates

The associate is accounted for using the equity method in these consolidated financial statements.

Zhejiang Gushang

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Current assets	74,686	201,563
Non-current assets	1,121,641	1,175,610
Current liabilities	(15,968)	(154,876)
	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Revenue	12,163	–
Loss and total comprehensive expense for the year	(62,900)	(17,379)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Net assets of Zhejiang Gushang	1,180,359	1,222,297
Proportion of the Group's ownership interest in Zhejiang Gushang	20%	20%
Carrying amount of the Group's interest in Zhejiang Gushang	236,072	244,459

Aggregate information of associates that are not individually material

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
The Group's share of post-tax profit and total comprehensive income	2,905	2,991
Aggregate carrying amount of the Group's interests in these associates	106,126	71,056

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For the year ended 31 December 2025

19. INTEREST IN A JOINT VENTURE

	As at 31 December 2025 RMB'000	2024 RMB'000
Cost of investment in a joint venture	17,400	–

Details of each of the Group's joint venture at the end of the reporting period are as follows:

Name of entities	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activities
			2025	2024	2025	2024	
湖州市產投天能股權投資合夥企業 (有限合夥) Huzhou Chantou Tianneng Equity Investment Partnership Enterprise (Limited Partnership) ("Huzhou Chantou")	PRC	PRC	55%	–	55% (note)	–	Equity investment

Note: During the current year, the Group entered into an agreement with third parties in respect of Huzhou Chantou. The Group has 55% ownership interest and voting rights in Huzhou Chantou. Pursuant to the limited partnership agreement, the Group has been designated one out of three members of the investment committee of Huzhou Chantou while the investment resolutions need to be passed and to be confirmed by all three members of the investment committee. The directors of the Company conclude that the Group only has joint control over Huzhou Chantou and therefore it is classified as a joint venture of the Group.

Summarised financial information of Huzhou Chuangtou

Huzhou Chantou is accounted for using the equity method in these consolidated financial statements.

Huzhou Chantou

	As at 31 December 2025 RMB'000	2024 RMB'000
Current assets	31,402	N/A
Current liabilities	(4)	N/A

The above amounts of assets and liabilities include the following:

	As at 31 December 2025 RMB'000	2024 RMB'000
Cash and cash equivalents	31,402	N/A

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19. INTEREST IN A JOINT VENTURE (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	As at 31 December 2025 RMB'000	2024 RMB'000
Net assets of Huzhou Chantou	31,398	N/A
Proportion of the Group's ownership interest in Huzhou Chantou	55%	N/A
Carrying amount of the Group's interest in Huzhou Chantou	17,400	N/A

20. EQUITY INSTRUMENTS AT FVTOCI

	As at 31 December 2025 RMB'000	2024 RMB'000
Listed equity securities (note i)	153,006	168,980
Unlisted equity securities (note ii)	59,765	77,573
	212,771	246,553

Notes:

- (i) The above listed equity investments represent ordinary shares of entities listed in Hong Kong or Shanghai.
- (ii) The above unlisted equity investments represent the Group's equity interests in private entities established in the PRC.

The above investments are not held for trading and are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

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21. DEFERRED TAXATION

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Asset-related government grants RMB'000	Withholding tax on undistributed profits RMB'000	Fair values adjustment on property, plant and equipment and right-of-use assets from acquisition of subsidiaries RMB'000	Interest capitalisation RMB'000	Provision for inventories, loan receivables, trade and other receivables RMB'000	Accrued warranty RMB'000	Accrued expenses RMB'000	Fair value change of equity instruments at FVTOCI RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	116,714	(54,594)	(10,031)	(7,779)	104,286	127,406	119,370	(12,624)	444,091	(580)	826,259
(Charge) credit to profit or loss	(16,112)	(46,348)	215	825	(50,448)	(27,513)	(68,711)	-	143,257	23,554	(41,281)
Charge to other comprehensive income	-	-	-	-	-	-	-	11,176	-	-	11,176
Reversal on payment of withholding tax on distribution of earnings from PRC subsidiaries	-	40,100	-	-	-	-	-	-	-	-	40,100
At 31 December 2024	100,602	(60,842)	(9,816)	(6,954)	53,838	99,893	50,659	(1,448)	587,348	22,974	836,254
Credit (charge) to profit or loss	4,964	(19,212)	215	718	(5,711)	(428)	(2,054)	-	28,096	14,958	21,546
Charge to other comprehensive income	-	-	-	-	-	-	-	858	-	-	858
Reversal on payment of withholding tax on distribution of earnings from PRC subsidiaries	-	21,635	-	-	-	-	-	-	-	-	21,635
At 31 December 2025	105,566	(58,419)	(9,601)	(6,236)	48,127	99,465	48,605	(590)	615,444	37,932	880,293

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For the year ended 31 December 2025

21. DEFERRED TAXATION (Continued)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Deferred tax assets	958,162	917,023
Deferred tax liabilities	(77,869)	(80,769)
	880,293	836,254

As at the end of the reporting period, the Group has unused tax losses of approximately RMB2,141,548,000 (at 31 December 2024: RMB1,477,548,000) available to offset against future profits, in respect of which no deferred tax assets been recognised, due to the unpredictability of future profit streams. Such unrecognised losses will expire at various dates up to and including 2035 (2024: 2034).

At the end of the reporting period, the Group has deductible temporary differences of RMB1,211,007,000 (2024: RMB1,022,991,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law, starting from 1 January 2008, 10% withholding income tax is imposed on dividends declared in respect of profits earned in year 2008 onwards and distributed to foreign investors for companies established in the PRC. For investors incorporated in Hong Kong, a preferential rate of 5% will be applied where appropriate. Other than the PRC withholding income tax provided in respect of undistributed profits of the PRC subsidiaries as above, no deferred taxation has been provided for the remaining retained profits of approximately RMB14,310 million (at 31 December 2024: 12,418 million), which was derived from the PRC subsidiaries since 1 January 2008 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

22. INVENTORIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Raw materials	2,291,272	2,206,026
Work in progress	3,895,862	4,638,265
Finished goods	1,508,493	1,439,647
	7,695,627	8,283,938

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For the year ended 31 December 2025

23. PROPERTIES UNDER DEVELOPMENT FOR SALE/PROPERTIES FOR SALE

	As at 31 December 2025 RMB'000	2024 RMB'000
Properties under development for sale	385,757	864,982
Properties for sale	519,986	144,176
	905,743	1,009,158

As at 31 December 2025 and 2024, the Group's properties under development for sale are situated in the PRC. All of the properties under development for sales are stated at the lower of cost and net realisable value. At the end of reporting period, no properties under development for sale were pledged as security.

	As at 31 December 2025 RMB'000	2024 RMB'000
Carrying amount of leasehold lands	523,314	766,239

The carrying amount of leasehold lands is measured at cost less any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge is made on the leasehold lands taking into account the estimated residual values as at 31 December 2025 and 2024.

24. BILLS, TRADE AND OTHER RECEIVABLES

	As at 31 December 2025 RMB'000	2024 RMB'000
Bills receivables*	3,482,491	1,929,737
Trade receivables	1,997,508	1,769,237
Less: Allowance for credit losses	(272,648)	(233,315)
	1,724,860	1,535,922
Other receivables	176,611	158,681
Less: Allowance for credit losses	(39,096)	(51,020)
	137,515	107,661
Prepayments for materials	332,979	217,938
PRC value added tax and EIT recoverable	664,768	789,818
	6,342,613	4,581,076

* The balance represents bills receivables held by the Group which is measured at amortised cost since the bills are held within a business model whose objective is to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. All bills received by the Group are with a maturity period of less than one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. BILLS, TRADE AND OTHER RECEIVABLES (Continued)

As at 1 January 2024, trade receivables from contracts with customers amounted to RMB1,810,526,000.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice dates.

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
0 to 45 days	1,145,163	916,782
46 to 90 days	439,226	389,176
91 to 180 days	75,890	57,194
181 to 365 days	14,350	22,401
1 year to 2 years	47,378	141,784
Over 2 years	2,853	8,585
	1,724,860	1,535,922

Details of impairment assessment of trade and other receivables are set out in note 42.

25. LOAN RECEIVABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Fixed-rate loan receivables	650,204	780,992
Analysed as		
Current	574,330	658,540
Non-current	75,874	122,452
	650,204	780,992

Included in the carrying amount of loan receivables as at 31 December 2025 is accumulated impairment losses of RMB58,165,000 (2024: RMB44,560,000). Details of impairment assessment are set out in note 42.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

25. LOAN RECEIVABLES (Continued)

As at 31 December 2025 and 2024, all loans are either guaranteed and/or secured by collaterals.

The exposure of the Group's fixed-rate loan receivables to interest rate risks and their contractual maturity dates are as follows:

	As at 31 December 2025 RMB'000	2024 RMB'000
Within one year	574,330	658,540
In more than one year but not more than two years	51,458	96,341
In more than two years but not more than five years	24,416	26,111
	650,204	780,992

For the year ended 31 December 2025, the range of effective interest rates on the Group's loan receivables is 2.50% to 20.30% (2024: 3.09% to 20.30%).

26. DEBT INSTRUMENTS AT FVTOCI

As at 31 December 2025, the balance represents bills receivables held by the Group which is measured at FVTOCI since the bills are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

The following is an aged analysis of debt instruments at FVTOCI at the end of the reporting period:

	As at 31 December 2025 RMB'000	2024 RMB'000
0 to 180 days	376,018	386,418
181 to 365 days	15,124	10,624
	391,142	397,042

These bills receivables are all issued by reputable banks of good credit quality. Management of the Group considered the credit risk of these bank issued bills is insignificant and no impairment was provided on them at the year end.

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For the year ended 31 December 2025

27. FINANCIAL ASSETS AT FVTPL/DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Financial assets/(liabilities) mandatorily measured at FVTPL:		
Structured bank deposits	2,965,705	1,386,100
Equity securities listed in Hong Kong	46,712	44,376
Unlisted equity investments	6,000	6,000
Equity securities listed in Mainland China	–	73,354
Commodity derivative contracts	–	606
Foreign currency forward contracts	(48,812)	–
	2,969,605	1,510,436
The following is the analysis of the financial assets/(liabilities) at FVTPL balances for financial reporting purposes:		
Financial assets at FVTPL	3,018,417	1,510,436
Derivative financial instruments	(48,812)	–
	2,969,605	1,510,436

28. CASH AND CASH EQUIVALENTS/PLEDGED/RESTRICTED BANK DEPOSITS

Cash and cash equivalents include demand deposits and short term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates range from 0.01% to 3.66% (2024: 0.01% to 0.25%).

As at 31 December 2025, bank balances that are placed in restricted bank accounts in accordance with the applicable government regulations amounting to RMB46,527,000 (2024: RMB32,438,000) such balances can only be applied in the designated property development projects. The balances carry interest at an interest rate of 0.05% (2024: 0.10%) per annum.

Pledged bank deposits represented bank deposits pledged to banks to secure short-term banking facilities granted to the Group. The pledged deposits at 31 December 2025 carry interest rates ranging from 0.05% to 3.10% (2024: 0.20% to 3.70%) per annum. The pledged bank deposits will be released upon the settlement of relevant bank issued bills payables.

As at 31 December 2025, time deposits carry fixed interest rates rate of 1.30% per annum and will be matured within one year.

Details of impairment assessment of bank balances, pledged/restricted bank deposits and time deposits are set out in note 42.

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For the year ended 31 December 2025

29. BILLS, TRADE AND OTHER PAYABLES

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade payables	2,687,641	2,398,507
Bills payables (note)	10,105,263	6,808,120
Value added tax payables and other tax payables	455,668	663,854
Staff salaries and welfare payables	583,224	519,600
Payables for purchase of property, plant and equipment	1,391,780	1,759,105
Accrued charges	646,498	567,859
Deposits payables	534,037	363,335
Dividend payables	723	741
Other payables	150,813	211,773
	16,555,647	13,292,894

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoice amounts from the bank on the maturity date of the bills. The Group continues to recognise these trade payables as the Group are obliged to make payments to the relevant banks on due dates of the bills, under the same conditions as agreed with the suppliers. In the consolidated statement of cash flows, settlements of these bills by the Group are included within operating cash flows based on the nature of the arrangements.

The Group normally receives credit terms of 5 days to 180 days (2024: 5 days to 180 days) from its suppliers. The following is an aged analysis of trade payables at the end of the reporting period, presented based on the invoice dates:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
0 – 90 days	2,197,013	1,970,491
91 – 180 days	292,252	162,061
181 – 365 days	77,601	148,593
1 – 2 years	28,919	35,861
Over 2 years	91,856	81,501
	2,687,641	2,398,507

The following is an aged analysis of bills payables from issue dates at the end of the reporting period:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
0 – 180 days	10,105,263	6,808,120

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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30. AMOUNTS DUE FROM/TO RELATED PARTIES

Details of the amounts due from related parties are as follows:

Name of related parties	As at 31 December	
	2025 RMB'000	2024 RMB'000
Aerospace Guohua	13,104	13,104
Anhui Heding 濟源市萬洋冶煉(集團)有限公司	9,057	–
Jiyuan City Wangyang Smelting (Group) Co., Ltd. ("Wanyang Group") (note ii) 浙江暢通科技有限公司	109	74
Zhejiang Changtong Technology Company Limited ("Changtong Technology") (note i)	77	33
Lianyungang Yunhai	–	517
	22,347	13,728

Details of the amounts due to related parties are as follows:

Name of related parties	As at 31 December	
	2025 RMB'000	2024 RMB'000
Changtong Technology	193,745	105,656
Anhui Heding	12,482	–
Wanyang Group	11,423	5,490
Lianyungang Yunhai	3,118	3,190
Others	4,081	633
	224,849	114,969

The amounts due from/to related parties are trade in nature, unsecured and with ageing less than 180 days.

Notes:

- i) Changtong Technology is beneficially owned by Ms. Zhang Mei'e, who is the sister of Dr. Zhang Tianren, the beneficial owner and the director of the Company, and her spouse, Mr. Ni Danqing.
- ii) Wanyang Group is a party which holds 49% interest of Jiyuan Wangyang Green Energy Co., Ltd. (濟源市萬洋綠色能源有限公司), a 51% owned subsidiary of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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31. BORROWINGS

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Bank borrowings	13,210,077	18,256,105
Bank borrowings under supplier finance arrangements	235,626	–
Other borrowings	185,183	265,375
	13,630,886	18,521,480
Secured	7,848,499	10,949,143
Unsecured	5,782,387	7,572,337
	13,630,886	18,521,480
The carrying amounts of the above borrowings are repayable*:		
Within one year	10,309,173	12,720,516
Within a period of more than one year but not exceeding two years	2,245,132	2,091,795
Within a period of more than two years but not more than five years	1,076,581	2,992,146
Over five years	–	717,023
	13,630,886	18,521,480
Less: Amounts due within one year shown under current liabilities	(10,309,173)	(12,720,516)
Amounts shown under non-current liabilities	3,321,713	5,800,964

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Details of assets pledged by the Group at the end of the reporting period are set out in note 43.

The exposure of the Group's borrowings are as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Fixed-rate borrowings	185,183	265,375
Variable-rate borrowings	13,445,703	18,256,105
	13,630,886	18,521,480

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	Year ended 31 December	
	2025	2024
Fixed-rate borrowings	2.50%	2.15%-5.85%
Variable-rate borrowings	2.11%-5.50%	2.50%-6.00%

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31. BORROWINGS (Continued)

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	Japanese Yen ("JPY")
As at 31 December 2025 (RMB'000)	354,687

Bank borrowings under supplier finance arrangements

The Group has entered into certain supplier finance arrangements with a bank. Under these arrangements, the bank pays suppliers the amounts owed by the Group in advance of the original due dates. The Group's obligations to suppliers are legally extinguished on settlement by the relevant bank. The Group then settles with the bank in 180 days after settlement by the bank with interests ranging from 0.7%-1.2% per annum. These arrangements have extended the payment terms, which may be extended beyond the original due dates of respective invoices. The interest rates are consistent with the Group's short-term borrowing rates. Information of the Group's supplier finance arrangements is set out in note 43b.

32. LEASE LIABILITIES

	As at 31 December 2025 RMB'000	2024 RMB'000
Lease liabilities payable:		
Within one year	6,493	5,427
Within a period of more than one year but not more than two years	6,867	4,043
Within a period of more than two years but not more than five years	15,421	9,994
More than five years	7,238	7,847
	36,019	27,311
Less: Amount due for settlement with 12 months shown under current liabilities	(6,493)	(5,427)
Amount due for settlement after 12 months shown under non-current liabilities	29,526	21,884

The weighted average incremental borrowing rate applied to lease liabilities is 3.50% (2024: 4.40%).

33. PROVISION

	Year ended 31 December 2025 RMB'000	2024 RMB'000
At 1 January	500,550	631,508
Provision in the year	746,178	499,775
Utilisation of provision	(747,661)	(630,733)
At 31 December	499,067	500,550

The Group provided a warranty on battery products. A warranty provision is estimated and accrued at the time of sale and is based upon various factors including the actual warranty claims, unit sales history, the estimated replacement cost and repair cost for returned products, predicted future warranty claim rate with reference to prior experiences and volumes of products sold. The amount of accrued warranty is adjusted as required to reflect the actual costs incurred when information becomes available.

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34. CONTRACT LIABILITIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Sales of goods	2,063,856	2,004,184
Sales of properties	8,750	250,393
	2,072,606	2,254,577

As at 1 January 2024, contract liabilities amounted to RMB2,713,775,000.

The contract liabilities as at 1 January 2024 and 31 December 2024, amounting to RMB2,449,504,000 and RMB2,206,698,000, respectively, were recognised as revenue during the years ended 31 December 2024 and 2025.

The Group receives 30% to 100% of the contract value as deposits from property purchasers when they sign the sale and purchase agreements. Such advance payments result in contract liabilities being recognised throughout the property construction period for the amounts received.

35. DEFERRED GOVERNMENT GRANTS

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
At 1 January	1,195,660	1,093,547
Additions	375,939	177,210
Released to other income (note 7)	(98,446)	(75,097)
At 31 December	1,473,153	1,195,660

The Group received grants from the local government related to the acquisition of property, plant and equipment and land use right. The amounts are deferred and amortised over the useful lives of the relevant assets.

36. SHARE CAPITAL

	Number of shares	Amount
		RMB'000
Ordinary shares of the Company with nominal value of HK\$0.10 each		
Authorised:		
At 1 January 2024, 31 December 2024 and 31 December 2025	2,000,000,000	212,780
Issued and fully paid:		
At 1 January 2024, 31 December 2024 and 31 December 2025	1,126,124,500	109,850

37. RESERVES

Special reserve

The special reserve of the Group represents the difference between the nominal amount of the shares issued by Tianneng International Investment Holdings Limited ("Tianneng BVI") and the aggregate amount of paid-in capital of the subsidiaries acquired by Tianneng BVI pursuant to the group reorganisation which took place in 2004 as more fully explained in the prospectus of the Company dated 29 May 2007.

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37. RESERVES (Continued)

Statutory surplus reserve fund/Discretionary surplus reserve fund

As stipulated by the relevant laws and regulations in the PRC, the Group's PRC subsidiaries are required to maintain two reserves, being a statutory surplus reserve fund and a discretionary surplus reserve fund which are non-distributable. Appropriations to such reserves are made out of profit after taxation of the statutory financial statements of the PRC subsidiaries while the amount and allocation basis are decided by their board of directors annually. Pursuant to the relevant laws and regulations in the PRC, it requires the appropriation to the statutory surplus reserve fund until the balance reaches 50% of the registered share capital. The statutory surplus reserve fund and the discretionary surplus reserve fund can be used to make up its prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue.

38. SHARE-BASED PAYMENTS

Share options scheme

The Company had a share option scheme (the "**Scheme**") for eligible directors of the Company, eligible employees of the Group and other selected participants. The Scheme was expired during the year ended 31 December 2024. No options were exercised and no expense was recognised in relation to share options granted by the Company under the Scheme during the year ended 31 December 2024.

Share award scheme of a subsidiary of the Company

Pursuant to the shareholders' resolution approved on 23 May 2019, Tianneng Share adopted a share award scheme for eligible senior management and eligible employees of Tianneng Share and its subsidiaries (the "**Selected Employees**") (the "**Share Award Scheme**"). The objective of the Share Award Scheme is to recognise the contribution by the Selected Employees and to provide them with incentives in order to retain them for the continuing operation and development of Tianneng Share and its subsidiaries.

According to the Share Award Scheme, 41,200,000 shares of Tianneng Share were granted to certain limited partnerships (the "**Limited Partnership**"), which were legally owned by Zhejiang Tianneng Commercial Management Co., Ltd. ("**Tianneng Commercial**"), a wholly owned subsidiary of the Group, for the purpose of facilitating the purchasing, holding and selling of shares of Tianneng Share for the benefit of the Selected Employees. 13,959,000 shares have been subscribed at a price of RMB7.69 per share.

These shares are restricted for sale until the fourth anniversary date after the initial public offering of Tianneng Share in A-share market (the "**Qualified IPO**") which was completed in January 2021. Upon the expiry of restriction of the awarded shares and the request of respective Selected Employees, the Limited Partnership shall dispose the awarded shares at the prevailing market price and transfer the proceeds in relation to the awarded shares to such Selected Employees.

If the Selected Employees resigned before the expiry of restriction of the awarded shares, they are required to sell back the awarded shares to Tianneng Commercial at a share price of RMB7.69 plus interest at 115% of the benchmark lending rate of peer loan issued by the People's Bank of China.

The fair value of the restricted shares granted on 23 May 2019 amounted to approximately RMB71,367,000 which was determined by referenced to the recent transaction price of the shares of Tianneng Share. During the year ended 31 December 2025, an expense of approximately RMB750,000 (2024: RMB6,746,000) was recognised by the Group in relation to the restricted shares granted by Tianneng Share under the Share Award Scheme.

As at 31 December 2025, the granted shares were vested and the financial liabilities of repurchase consideration approximately RMB118,310,000 were transferred to non-controlling interests and capital reserve.

As at 31 December 2024, financial liabilities of approximately RMB117,010,000 was recognised according to the repurchase consideration to be paid under Share Award Scheme if the granted shares become unvested.

39. RETIREMENT BENEFIT SCHEMES

The employees of the PRC subsidiaries are members of the state-management retirement benefits scheme operated by the PRC government. The Group is required to contribute 16% of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contribution under the scheme.

The Group also operates a Mandatory Provident Fund Scheme for all employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes a certain percentage of the relevant payroll costs to the scheme, which contribution is matched by the employees. As at 31 December 2025 and 2024, the Group had no forfeited contributions available to reduce the contributions payable in future years.

The amounts of contributions made by the Group in respect of the retirement benefit schemes during both years are disclosed in notes 12 and 13.

40. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	739,479	1,591,611
Share of commitments made jointly with other investors with joint control of a joint venture	17,200	–
	756,679	1,591,611

41. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes borrowings and lease liabilities as disclosed in notes 31 and 32, respectively, net of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves, retained profits and non-controlling interests.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

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42. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Financial assets		
Financial assets at FVTPL		
Mandatorily measured at FVTPL		
– Structured bank deposits	2,965,705	1,386,100
– Held-for-trading investments		
– Equity securities listed in Mainland China	–	73,354
– Equity securities listed in Hong Kong	46,712	44,376
– Derivative financial instruments	–	606
– Unlisted equity investments	6,000	6,000
Equity instruments at FVTOCI	212,771	246,553
Debt instruments at FVTOCI	391,142	397,042
Amortised cost	25,056,475	25,777,721
Financial liabilities		
Derivative financial instruments		
– Foreign currency forward contracts	48,812	–
Amortised cost	28,725,992	30,178,030

b. Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, loan receivables, bills, trade and other receivables, amounts due from related parties, debt instruments at FVTOCI, financial assets at FVTPL, pledged/restricted bank deposits, time deposits, cash and cash equivalents, bills, trade and other payables, amounts due to related parties, and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

42. FINANCIAL INSTRUMENTS (Continued)**b. Financial risk management objectives and policies** (Continued)**Market risk**

Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, bank balances, borrowings which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of reporting date are as follows:

	Assets		Liabilities	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
US\$	466,989	187,723	–	–
HK\$	60,297	52,006	723	677
JPY	–	–	354,687	–

Foreign currency forward contracts can be used to eliminate the currency exposures. During the year, the Group has entered into certain foreign currency forward contracts and closely monitored the movement of foreign currency rate.

Sensitivity analysis

The Group is mainly exposed to the currency risk on US\$, HK\$ and JPY against RMB.

The following table details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2024: 5%) is the sensitivity rate used when reporting foreign currency risk internally to the key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting date for a 5% (2024: 5%) change in foreign currency rates. The analysis illustrates the impact for a 5% (2024: 5%) strengthening of RMB against the relevant currency. For a 5% (2024: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit and other comprehensive income.

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42. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis (Continued)

	US\$ impact (i)		HK\$ impact (ii)		JPY impact (i)	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
(Decrease)increase in post-tax profit for the year as a result of a 5% strengthening of RMB against the foreign currency	(17,778)	(7,520)	(2,977)	(2,432)	(17,734)	–

(i) This is mainly attributable to the exposure outstanding on US\$ denominated bank balances and JPY denominated bank borrowings of the Group at the end of the reporting period.

(ii) This is mainly attributable to the exposure to outstanding HK\$ denominated bank balances, financial assets at FVTPL and financial assets at FVTOCI of the Group at the end of the reporting period.

	HK\$ impact	
	2025 RMB'000	2024 RMB'000
Decrease in investment revaluation reserve for the year as a result of a 5% strengthening of RMB against the foreign currency	6,960	7,653

This is mainly attributable to the exposure to outstanding HK\$ denominated equity instrument at FVTOCI of the Group at the end of the reporting period.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to loan receivables (see note 25 for details), pledged/restricted bank deposits and time deposits (see note 28 for details), fixed-rate borrowings (see note 31 for details) and lease liabilities (see note 32 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 28 for details) and variable-rate borrowings (see note 31 for details). The directors of the Company monitor interest rate exposures and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point (2024: 50 basis points) increase or decrease in variable-rate bank borrowings are used represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If the interest rate on variable-rate borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2025 would decrease/increase by RMB57,144,000 (2024: decrease/increase by RMB77,554,000).

42. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities measured at FVTPL and FVTOCI. For quoted equity securities measured at FVTPL, management manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group also invested in certain unquoted and quoted equity securities for investees operating in battery industry sector for long term strategic purposes which had been designed as FVTOCI. Management closely monitors such exposure and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. Sensitivity analyses for unquoted equity securities with fair value measurement categorised within Level 3 were disclosed in note 42c.

If the prices of the respective equity instruments had been 10% (2024: 10%) higher/lower, the post-tax profit for the year ended 31 December 2025 would increase/decrease by RMB4,671,000 (2024: increase/decrease by RMB11,773,000) as a result of the changes in fair value of investments at FVTPL and the other comprehensive income would increase/decrease by RMB20,020,000 (2024: increase/decrease by RMB23,253,000) as a result of the changes in fair value of investments at FVTOCI.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's maximum exposure to credit risk which will cause a financial loss to the Group is arising from the amount of each class of financial assets as disclosed in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with loan receivables is mitigated because they are secured over equipment or trade receivables.

Trade receivables arising from contracts with customers

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. Credit-impaired trade receivables are assessed for ECL individually. In addition, the Group performs impairment assessment under ECL model on trade balances based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Bills receivables/debt instruments at FVTOCI

Bills receivables and debt instruments at FVTOCI were all bank-issued notes. Since the issuers were reputable banks of good credit quality, management of the Group considered the credit risk of these bank issued bills is insignificant and no impairment was provided on them at the year end.

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42. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables

For other receivables, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Except for credit-impaired other receivables, the Group provided impairment based on 12m ECL. For the years ended 31 December 2025 and 2024, the Group assessed the ECL for other receivables and deposits are insignificant and thus no loss allowance is recognised. Credit-impaired other receivables with gross carrying amounts of RMB39,127,000 as at 31 December 2025 (2023: RMB51,020,000) were assessed individually and the loss allowance was measured as the difference between the assets gross amount and the present value of estimated future cash flows.

Loan receivables

The management estimates the estimated loss rates of loan receivables based on historical credit loss experience of the debtors as well as the fair value of the collateral pledged by the debtors to the loan receivables. Based on assessment by the management. Impairment of RMB13,605,000 (2024: RMB25,579,000) is recognised during the year.

Pledged bank deposits/restricted bank deposits/bank balances/time deposits

There is concentration of credit risk on pledged/restricted bank deposits, bank balances and time deposits for the Group as at 31 December 2025 and 2024. The credit risk on liquid funds is limited because the majority of counterparties are banks with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation.

Financial guarantee contracts

For financial guarantee contracts, the aggregate amount of outstanding financial guarantees issued to banks in respect of mortgage loans granted to its customers that the Group could be required to pay amounted to RMB23,148,000 as at 31 December 2025 (2024: RMB182,667,000). The fair value of these financial guarantee, as at dates of initial recognition, were considered insignificant. At the end of the reporting period, management has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12m ECL. No loss allowance was recognised in the profit or loss.

42. FINANCIAL INSTRUMENTS (Continued)**b. Financial risk management objectives and policies** (Continued)**Credit risk and impairment assessment** (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables
Grade A	The counterparty has a low risk of default and does not have any past-due amounts or the counterparty is a new customer as a large producer with good reputation and good credit rating based on internal assessment	Lifetime ECL – not credit-impaired
Grade B	Debtor frequently repays after due dates but usually settle after due date or the counterparty is a new customer other than those grouped in grade A counterparties	Lifetime ECL – not credit-impaired
Grade C	The counterparty delays its payment after due dates with no settlement yet, or there have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired
Grade D	The counterparty has been charged by the Group or could not settle the receivables according to the contracts or there is other evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Grade E	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

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42. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	12-month or lifetime ECL	Gross carrying amount	
			31/12/2025 RMB'000	31/12/2024 RMB'000
Debt instruments at FVTOCI				
Bills receivables	26	Lifetime ECL (not credit-impaired)	391,142	397,042
Financial assets at amortised cost				
Loan receivables	25	12-month ECL	708,369	825,552
Amounts due from related parties – trade nature	30	Lifetime ECL (not credit-impaired)	22,347	13,728
Bank balances	28	12-month ECL	8,026,605	9,139,377
Time deposits	28	12-month ECL	540,000	–
Pledged/restricted bank deposits	28	12-month ECL	10,472,453	12,270,304
Bills receivables	24	Lifetime ECL (not credit-impaired)	3,482,491	1,929,737
Trade receivables	24	Lifetime ECL Credit-impaired	1,781,519 215,989	1,579,915 189,322
Other receivables	24	12-month ECL Credit-impaired	137,515 39,096	107,661 51,020

42. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis within lifetime ECL (not credit-impaired). Debtors credit-impaired with gross carrying amount of RMB205,516,000 as at 31 December 2025 (2024: RMB189,322,000) were assessed individually.

Internal credit rating	Average loss rate	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
As at 31 December 2025			
Grade A	0.5%	787,813	3,939
Grade B	5.0%	925,472	46,274
Grade C	20.0%	23,362	4,672
		1,736,647	54,885
As at 31 December 2024			
Grade A	0.5%	769,108	3,840
Grade B	5.0%	678,934	33,951
Grade C	20.0%	131,873	27,563
		1,579,915	65,354

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

As at 31 December 2025, the Group provided RMB54,885,000 (2024: RMB65,354,000) impairment allowance for trade receivables based on collective assessment. Impairment allowance of RMB205,351,000 (2024: RMB167,961,000) were made on debtors with credit-impaired debtors.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2024	54,763	236,469	291,232
– Impairment losses, net of reversal	15,494	1,997	17,491
– Transfer to credit-impaired	(4,903)	4,903	–
– Write-offs	–	(75,408)	(75,408)
As at 31 December 2024	65,354	167,961	233,315
– Impairment losses, net of reversal	24,490	(18,930)	5,560
– Transfer to credit-impaired	(31,972)	31,972	–
– Write-offs	–	(6,341)	(6,341)
– Recoveries of amounts previously written off	–	40,115	40,115
As at 31 December 2025	57,872	214,777	272,649

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

42. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk

The Group's objective is to maintain a balance between the continuity of funding and the flexibility through the use of bank and other borrowings. In addition, banking facilities have been put in place for contingency purposes.

The following table details the Group's remaining contractual maturity for its financial liabilities and derivative instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows.

	Weighted average interest rate %	On demand or less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted balances RMB'000	Carrying amounts RMB'000
At 31 December 2025							
Non-derivative financial liabilities							
Bills, trade and other payables	-	14,870,257	-	-	-	14,870,257	14,870,257
Amounts due to related parties	-	224,849	-	-	-	224,849	224,849
Borrowings	2.62	10,459,868	2,305,608	1,083,855	-	13,849,331	13,630,886
Lease liabilities	3.50	7,760	7,868	18,088	7,617	41,333	36,019
		25,562,734	2,313,476	1,101,943	7,617	28,985,770	28,763,311
At 31 December 2024							
Non-derivative financial liabilities							
Bills, trade and other payables	-	11,541,581	-	-	-	11,541,581	11,541,581
Amounts due to related parties	-	114,969	-	-	-	114,969	114,969
Borrowings	3.42	12,938,048	2,224,671	3,146,168	762,361	19,071,248	18,521,480
Lease liabilities	4.40	5,759	4,839	12,326	10,616	33,540	27,311
		24,600,357	2,229,510	3,158,494	772,977	30,761,338	30,205,341

42. FINANCIAL INSTRUMENTS (Continued)

c. Fair value

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at 31/12/2025 RMB'000	Fair value as at 31/12/2024 RMB'000	Fair value hierarchy	Valuation technique and key input	Significant unobservable input
Listed equity securities classified as financial assets at FVTPL	Listed equity securities in Hong Kong: RMB46,712	Listed equity securities in Mainland China: RMB73,354 Listed equity securities in Hong Kong: RMB44,376	Level 1	Quoted transaction prices in active markets.	N/A
Listed equity instruments at FVTOCI	Listed equity securities in Hong Kong: RMB142,806 Listed equity securities in Mainland China: RMB10,200	Listed equity securities in Hong Kong: RMB153,062 Listed equity securities in Mainland China: RMB15,918	Level 1	Quoted transaction prices in active markets.	N/A
Foreign currency forward contracts	Liabilities: RMB48,812	–	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A
Commodity derivative contracts	–	Assets: RMB606	Level 2	The fair value of the commodity derivative contracts is estimated by reference to the quoted prices of similar standardised commodity derivative contracts at the end of the reporting period.	N/A
Debt instruments at FVTOCI	RMB391,142	RMB397,042	Level 2	Discounted cash flow is estimated based on discount rate observed in the available market.	N/A
Structured bank deposits at FVTPL	RMB2,965,705	RMB1,386,100	Level 3	Discounted cash flow is estimated based on expected return (note i).	Expected return
Unlisted equity instruments	At FVTOCI: RMB59,765 At FVTPL: RMB6,000	At FVTOCI: RMB77,573 At FVTPL: RMB6,000	Level 3	Comparable companies analysis valuation. (note ii) Backsolve from recent transaction price. (note iii)	Liquidity discount Recent transaction price

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42. FINANCIAL INSTRUMENTS (Continued)

c. Fair value (Continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Notes:

- i) An increase in the expected return would result in a decrease in the fair value measurement of the structured bank deposits, and vice versa.
- ii) An increase in the liquidity discount used in isolation would result in a decrease in the fair value measurement of the unlisted equity under the comparable companies analysis valuation, and vice versa.
- iii) The higher the recent transaction price, the higher the fair value.

(ii) Reconciliation of Level 3 fair value measurements of financial assets

	Structured bank deposits at FVTPL RMB'000	Unlisted equity instruments at FVTOCI RMB'000	Unlisted equity instruments at FVTPL
At 1 January 2024	220,000	147,464	3,000
Total gains (losses)	34,963	(69,891)	–
– in profit or loss	34,963	–	–
– in other comprehensive income	–	(69,891)	–
Purchases	11,160,000	–	3,000
Disposals/settlements	(10,028,863)	–	–
At 31 December 2024	1,386,100	77,573	6,000
Total gains (losses)	93,916	(2,203)	–
– in profit or loss	93,916	–	–
– in other comprehensive income	–	(2,203)	–
Purchases	24,296,000	–	–
Disposals/settlements	(22,810,311)	–	–
Transfer to interest in associates	–	(15,605)	–
At 31 December 2025	2,965,705	59,765	6,000

(iii) Fair value of financial assets and financial liabilities that are recorded at amortised cost

Management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values at the end of each reporting period.

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

43a. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flow were, or future cash flow will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings RMB'000	Dividend payables RMB'000	Lease liabilities RMB'000	Redemption liabilities on ordinary shares of a subsidiary RMB'000	Total RMB'000
At 1 January 2024	9,067,525	688	13,530	1,003,591	10,085,334
Financing cash flows	9,453,955	(440,779)	(12,995)	(1,072,302)	7,927,879
Non-cash changes					
– New leases entered	–	–	24,370	–	24,370
– Dividends declared	–	440,832	–	–	440,832
– Interest expenses	–	–	2,406	68,711	71,117
At 31 December 2024 and 1 January 2025	18,521,480	741	27,311	–	18,549,532
Financing cash flows	(5,085,207)	(176,424)	(6,498)	–	(5,268,129)
Non-cash changes					
– New leases entered	–	–	13,686	–	13,686
– Dividends declared	–	176,406	–	–	176,406
– Interest expenses	–	–	1,520	–	1,520
– Addition of borrowings under supplier finance arrangement	235,626	–	–	–	235,626
– Exchange adjustments	(41,013)	–	–	–	(41,013)
At 31 December 2025	13,630,886	723	36,019	–	13,667,628

43b. INFORMATION OF SUPPLIER FINANCE ARRANGEMENTS

The details of the Group's supplier finance arrangements are set out in note 30.

	2025/12/31 RMB'000	2024/12/31 RMB'000	2024/1/1 RMB'000
Carrying amount of the financial liabilities that are subject to supplier finance arrangement:			
Presented as part of "Borrowings" (Note 31)	235,626	–	–
– Of which suppliers have already received payment from the finance provider	235,626	–	–
Range of payment due dates			
For liabilities presented as part of "Borrowings":			
– Liabilities that are part of supplier finance arrangements	180 days	N/A	N/A
– Comparable trade payables that are not part of supplier finance arrangements	5 days to 90 days	N/A	N/A

Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of utilities and subsequent cash settlements. During the year, borrowings under supplier finance arrangement of RMB235,626,000 (2024: nil) represent the payments to the suppliers by the relevant banks directly. There were no other material non-cash changes in these liabilities.

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44. PLEDGE OF ASSETS

At the end of the reporting period, the Group has pledged the following assets to secure the general banking facilities granted to the Group.

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Pledged/restricted bank deposits	10,523,663	12,270,304
Financial assets at FVTPL	–	200,000
Property, plant and equipment	250,347	101,689
Debt instruments at FVTOCI	117,392	139,369
Right-of-use assets	378,507	363,000
Bills receivables	2,179,118	964,969
	13,449,027	14,039,331

45. RELATED PARTY TRANSACTIONS

(a) Related party transactions

During the year, the Group had the following transactions with its related companies:

		Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Changtong Technology	Purchase of materials	402,157	311,870
Changtong Technology	Sales of materials	414	574
Yuanhong Machinery	Purchase of materials	474	1,274
Changxing Jin Ling Hotel (note i)	Hotel expenses	917	1,125
Changneng Business Management	Property management fees	–	1,725
Xin Xin Packaging	Purchase of consumables	3,844	5,150
Wanyang Group	Purchase of materials	1,703,982	1,441,762
Wanyang Group	Sales of materials	2,967	741,649
Lianyungang Yunhai	Purchase of materials	33,466	61,507
Lianyungang Yunhai	Sales of materials	844	2,504
Anhui Heding	Purchase of materials	92,797	–
Anhui Heding	Sales of materials	29,304	–

Note:

- (i) Changxing Jin Ling Hotel (長興金陵大酒店) is controlled by Dr. Zhang Tianren.
- (ii) Details of the remuneration of directors and other members of key management during the year are set out in note 13.
- (iii) Details of the balances with related parties are set out in note 30.

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46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiaries	Place/Country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			31/12/2025	31/12/2024	
Tianneng International Investment Holdings Limited	British Virgin Islands/ Hong Kong 15 November 2004	US\$1	100%	100%	Investment holding
天能控股集團有限公司 Registered capital Tianneng Holding Group Co., Ltd. ("Tianneng Holding")	PRC – Limited liability company 11 January 2019	Registered capital – RMB2,520,000,000	100%	100%	Investment holding
浙江省長興天能電源有限公司 Zhejiang Changxing Tianneng Power Supply Co., Ltd.	PRC – Limited liability company 11 March 1998	Registered capital – RMB108,000,000	100%	100%	Manufacture and sales of lead-acid batteries
天能電池集團股份有限公司 Tianneng Share	PRC – Limited liability company 13 March 2003	Registered capital – RMB972,100,000	86%	86%	Investment holding, research and development, Manufacture and sales of lead-acid batteries and battery related accessories
浙江天能儲能科技發展有限公司 Zhejiang Tianneng Energy Storage Technology Development Co., Ltd.	PRC – Limited liability company 1 July 2004	Registered capital – RMB692,777,778	100%	100%	Manufacture and sales of lithium-ion batteries
天能電池(蕪湖)有限公司 Tianneng Battery (Wuhu) Co., Ltd.	PRC – Limited liability company 21 October 2005	Registered capital – RMB230,000,000	100%	100%	Manufacture and sales of lead-acid batteries
浙江天能電池(江蘇)有限公司 Zhejiang Tianneng Battery (Jiangsu) Co., Ltd.	PRC – Limited liability company 9 May 2005	Registered capital – RMB200,000,000	100%	100%	Manufacture and sales of lead-acid batteries
浙江天能電池(江蘇)新能源有限公司 Zhejiang Tianneng Battery (Jiangsu) New Energy Co., Ltd.	PRC – Limited liability company 8 January 2008	Registered capital – RMB120,000,000	100%	100%	Manufacture and sales of lead-acid batteries
浙江天能動力能源有限公司 Zhejiang Tianneng Power Energy Co., Ltd.	PRC – Limited liability company 2 July 2009	Registered capital – RMB400,000,000	100%	100%	Manufacture and sales of lead-acid batteries
浙江天能電源材料有限公司 Zhejiang Tianneng Power Supply Material Co., Ltd.	PRC – Limited liability company 2 July 2009	Registered capital – RMB700,000,000	100%	100%	Manufacture and sales of recycled materials
浙江天能物資貿易有限公司 Zhejiang Tianneng Material Trading Co., Ltd.	PRC – Limited liability company 25 March 2009	Registered capital – RMB80,000,000	100%	100%	Sales of metal materials
天能電池集團(安徽)有限公司 Tianneng Battery Group (Anhui) Co., Ltd.	PRC – Limited liability company 4 November 2010	Registered capital – RMB300,000,000	100%	100%	Manufacture and sales of lead-acid batteries
濟源市萬洋綠色能源有限公司 Jiyuan Wanyang Green Energy Co., Ltd.	PRC – Limited liability company 27 October 2010	Registered capital – RMB102,160,000	51%	51%	Manufacture and sales of lead-acid batteries

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46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiaries	Place/Country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			31/12/2025	31/12/2024	
安徽中能電源有限公司 Anhui Zhongneng Power Supply Co., Ltd.	PRC – Limited liability company 17 April 2008	Registered capital – RMB100,000,000	100%	100%	Manufacture and sale of electrode plates
浙江赫克力能源有限公司 Zhejiang Hercules Energy Co., Ltd.	PRC – Limited liability company 10 November 2009	Registered capital – RMB60,000,000	100%	100%	Manufacture and sales of lead-acid batteries and recycled batteries
河南晶能電源有限公司 Henan Jingneng Energy Co., Ltd.	PRC – Limited liability company 13 March 2009	Registered capital – RMB43,600,000	64%	64%	Manufacture and sales of lead-acid batteries
天能集團貴州能源科技有限公司 Tianneng Group Guizhou Energy Technology Co., Ltd.	PRC – Limited liability company 12 July 2012	Registered capital – RMB200,000,000	100%	100%	Manufacture and sales of lead-acid batteries
安徽轟達電源有限公司 Anhui Hongda Power Supply Co., Ltd.	PRC – Limited liability company 26 March 2010	Registered capital – RMB50,000,000	100%	100%	Manufacture and sale of electrode plates
安徽天錫金屬材料有限公司 Anhui Tianchang Metal Material Supply Co., Ltd.	PRC – Limited liability company 14 May 2018	Registered capital – RMB300,000,000	51%	51%	Manufacture and sale of recycled materials
天能金玥(上海)新能源材料有限公司 Tianneng Jinyue (Shanghai) New Energy Materials Co., Ltd.	PRC – Limited liability company 28 November 2016	Registered capital – RMB100,000,000	100%	100%	Trading of materials
浙江天暢供應鏈管理有限公司 Zhejiang Tianchang Supply Chain Management Co., Ltd.	PRC – Limited liability company 26 April 2018	Registered capital – RMB30,000,000	90%	90%	Provision of transportation service to group companies
浙江天贏供應鏈管理有限公司 Zhejiang Tianying Supply Chain Management Co., Ltd.	PRC – Limited liability company 5 February 2020	Registered capital – RMB30,000,000	100%	100%	Trading of materials
天能金玥(天津)有限公司 Tianneng Jinyue (Tianjin) Co., Ltd.	PRC – Limited liability company 9 May 2020	Registered capital – RMB20,000,000	100%	100%	Trading of materials
天能物產(海南)有限公司 Tianneng Products (Hainan) Co., Ltd.	PRC – Limited liability company 22 June 2021	Registered capital – RMB10,000,000	100%	100%	Trading of materials
浙江天能新材料有限公司 Tianneng New Materials Co., Ltd.	PRC – Limited liability company 15 October 2018	Registered capital – RMB137,256,000	75%	75%	Manufacture and sale of recycled materials
浙江天能建設發展有限公司 Zhejiang Tianneng Construction Development Co., Ltd.	PRC – Limited liability company 23 July 2019	Registered capital – RMB500,000,000	75%	75%	Property Development

The above table lists the subsidiaries of the Group which, in the opinion of the Company's directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Company's directors, result in particulars of excessive length.

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47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Non-current asset		
Investments in and amounts due from subsidiaries	1,890,670	1,728,240
Current assets		
Other receivables	231	228
Cash and cash equivalents	33,762	3,905
	33,993	4,133
Current liabilities		
Borrowings – current portion	893,500	659,100
Other payables	1,171	1,826
Amounts due to subsidiaries	61,239	51,221
	955,910	712,147
Net current liabilities	(921,917)	(708,014)
Net assets	968,753	1,020,226
Capital and reserves		
Share capital	109,850	109,850
Reserves	858,903	910,376
Total equity	968,753	1,020,226

Movement in the Company's reserves

	Share premium RMB'000	Share options reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2024	778,567	33,395	140,244	952,206
Profit for the year	–	–	399,002	399,002
Lapse of share options	–	(33,395)	33,395	–
Dividend recognised as distribution	–	–	(440,832)	(440,832)
At 31 December 2024	778,567	–	131,809	910,376
Profit for the year	–	–	124,933	124,933
Dividend recognised as distribution	–	–	(176,406)	(176,406)
At 31 December 2025	778,567	–	80,336	858,903

48. SUBSEQUENT EVENTS

On 16 March 2026, Tianneng Holding, an indirect wholly-owned subsidiary of the Company has completed the registration of creditor's rights and obligations in respect of the "Trach I of 2026 Targeted Green Technology Innovation bonds of Tianneng Holding Group Co.,Ltd." with a final issuance size of RMB500 million and a tenor of 1 year.