



果下科技股份有限公司 Guoxia Technology Co., Ltd.

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

Stock Code : 2 6 5 5



2025 Annual Report

CONTENTS

2	Corporate Information
4	Corporate Milestones
5	Chairman's Statement
7	Financial Highlights
8	Management Discussion and Analysis
28	Report of the Board
42	Report of the Board of Supervisors
44	Corporate Governance Report
64	Directors, Supervisors and Senior Management
75	Independent Auditor's Report
80	Consolidated Statement of Profit or Loss and Other Comprehensive Income
82	Consolidated Statement of Financial Position
84	Consolidated Statement of Changes in Equity
85	Consolidated Statement of Cash Flows
87	Notes to the Consolidated Financial Statements
172	Financial Summary
173	Definitions



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Feng Lizheng (*Chairman*)

Mr. Zhang Xi

Mr. Liu Ziyue

Dr. Bai Yang

Mr. Zhu Shuaishuai

Mr. Wang Zhenlin

Independent Non-executive Directors

Mr. Qian Kaiming

Ms. Jiang Xingnan

Dr. Jiang Wei

SUPERVISORS

Ms. Sun Beibei

Mr. Qian Zenglei

Ms. Hu Yifang

JOINT COMPANY SECRETARIES

Mr. Wang Zhenlin

Ms. Leung Hoi Yan

AUTHORISED REPRESENTATIVES

Mr. Feng Lizheng

Ms. Leung Hoi Yan

AUDIT COMMITTEE

Mr. Qian Kaiming (*Chairperson*)

Ms. Jiang Xingnan

Dr. Jiang Wei

REMUNERATION COMMITTEE

Dr. Jiang Wei (*Chairperson*)

Mr. Feng Lizheng

Mr. Qian Kaiming

NOMINATION COMMITTEE

Ms. Jiang Xingnan (*Chairperson*)

Mr. Zhang Xi

Mr. Qian Kaiming

CORPORATE HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 9 Huicheng Road

Changan Sub-district

Huishan District

Jiangsu Province

Wuxi City, PRC

REGISTERED OFFICE IN THE PRC

No. 9 Huicheng Road

Changan Sub-district

Huishan District

Jiangsu Province

Wuxi City, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

46/F, Hopewell Centre

183 Queen's Road East

Wan Chai

Hong Kong

CORPORATE INFORMATION

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

LEGAL ADVISORS

As to Hong Kong law

Eric Chow & Co. in Association with Commerce & Finance Law Offices

3401, Alexandra House
18 Chater Road
Central
Hong Kong

As to PRC law

Commerce & Finance Law Offices

12-14th Floor, China World Office 2
No. 1 Jianguomenwai Avenue
Beijing 100004
PRC

COMPLIANCE ADVISOR

China Everbright Capital Limited

12/F, Everbright Centre
108 Gloucester Road
Wan Chai
Hong Kong

PRINCIPAL BANK

Bank of China Limited

Wuxi Jinshi Road Branch
No. 580, Nanhu Avenue
Wuxi City
Jiangsu Province, PRC

Industrial and Commercial Bank of China Limited

Changan Branch
No. 227 Yingxin Road
Huishan District
Wuxi City
Jiangsu Province, PRC

COMPANY'S WEBSITE

www.guoxiatech.com

STOCK CODE

2655

CORPORATE MILESTONES

Year	Key milestones
2019	<ul style="list-style-type: none">• Our Company was established.• Formed our digital and AI energy R&D team as a starting point for our digital and AI business.
2020	<ul style="list-style-type: none">• Established an in-house automation and manufacturing R&D platform, forming a fundamental capability framework from R&D to production.
2021	<ul style="list-style-type: none">• Recognized as a High-tech Enterprise (高新技術企業) by National High-tech Enterprise Certification Management Leading Group Office (全國高新技術企業認定管理工作領導小組辦公室).• Established a Digital and AI Energy Laboratory and released the “Cloud-Edge-Device” energy monitoring architecture.
2022	<ul style="list-style-type: none">• Launched HANCHU ESS for overseas markets, forming a complete energy storage business framework geared towards global operations.
2023	<ul style="list-style-type: none">• Awarded “Top 10 Integrated Energy Service Providers in China’s Energy Storage Industry 2023” (2023中國儲能行業十佳綜合能源服務商) by the committee of China (Jiangsu) International Energy Storage Conference* (中國(江蘇)國際儲能大會組委會).• Became a co-construction unit of the National Engineering Research Center for Advanced Energy Storage Materials.
2024	<ul style="list-style-type: none">• Established a joint R&D center for advanced energy storage thermal management with Shanghai Jiao Tong University.• Launched HANCHU iESS 3.0 and completed the first overseas industrial and commercial project for HANCHU ESS.
2025	<ul style="list-style-type: none">• Our Company was converted from a limited liability company to a joint stock company with limited liability.• Initial public offering of H Shares and listing on the Hong Kong Stock Exchange.• Awarded for the “2025 Jiangsu Unicorn Enterprises” (2025年江蘇獨角獸企業) list.• Signed a partnership agreement with Jiangnan University to build a joint practice base, collaborating on “AI+” energy storage innovation and talent cultivation.• Selected into the first batch of national-level zero-carbon industrial parks.

CHAIRMAN'S STATEMENT



Hereby present the annual report of the Group for the year ended 31 December 2025 on behalf of the board of directors of Guoxia Technology Co., Ltd.

02655.HK

2025: STEADFAST COMMITMENT, CONSISTENT ACTION

As a premier expert in energy storage system solutions, we anchor our development in AI-empowered technological innovation. By centering on authentic customer needs, we engineer global energy storage solutions defined by superior reliability, safety, and adaptability. Upholding long-term value as our priority and driven by sustained technological innovation, we provide global markets and customers with stable and efficient smart energy storage products and services. With our robust capabilities, we empower the construction of new power systems and collaborate with global partners to co-create a sustainable energy future.

In 2025, amid the rapid expansion of the global energy storage market, we achieved leapfrog development. Our annual revenue reached RMB2.1 billion, representing a 100.6% year-on-year increase. Net profit reached RMB102.9 million, up 109.5% year-on-year, while net cash flow from operating activities grew substantially to RMB145.2 million, marking a remarkable 3,793.5% increase year-on-year – demonstrating significantly enhanced operational quality. During the year, our H Shares were successfully listed on the Main Board of The Stock Exchange of Hong Kong, officially ushering in a new phase of capital market development. In terms of business layout, we continued to strengthen our strategy focused on large-scale energy storage power stations. Revenue from large-scale energy storage systems accounted for 76.3% of total revenue. We have successfully achieved the first batch delivery of overseas large-scale independent energy storage power stations, with overseas business growing by more than 100% year on year. Our production capacity was expanded from 1,561.2 MWh to 4,800.6 MWh, laying a solid foundation for the efficient delivery of GWh-scale projects.

In 2025, adhering to innovation-led development, we independently iterated and upgraded Guoxia AI and HANCHU AI Assistant. By leveraging a vertical large model architecture that integrates MoE (Mixture of Experts) routing, time-series forecasting, and multimodal visual recognition, we achieved a paradigm shift in energy storage safety – transitioning from “passive monitoring” to “active prediction.” We empower platform-based energy storage solutions with AI, deeply integrating hardware, software, and intelligent services to build the Safe ESS and HANCHU iESS core platforms – achievements that have earned us the prestigious title of a “Unicorn”. Faced with volatile raw material prices and fierce

CHAIRMAN'S STATEMENT

market competition, we achieved a remarkable improvement in gross margin from 15.1% to 18.6% through our agile and effective cost control mechanism. Underpinned by full-stack technical capabilities and data-driven strategies, we have cultivated new quality productive forces to steadily realize high-quality development. With our consistently leading “AI+” energy storage technology, we are spearheading the industry’s intelligent upgrade, injecting robust momentum into the global energy transition and facilitating the high-quality construction of smart energy and new power systems.

Looking ahead, we will fully leverage our core competencies in energy storage technology to provide high-reliability green power solutions for intelligent computing centers. We aim to integrate the entire “Green Power – Storage – Computing” value chain and explore pathways for the assetization of computing power tokens and digital energy assets. By building AI-driven tokenized energy storage factories, we are committed to establishing ourselves as a global leader in the synergistic realm of computing power and energy. The AI wave is fundamentally redefining the underlying business logic: the ultimate boundary of computing power is electricity, and the value anchor of electricity lies in energy storage. We have keenly observed that as AI large models reshape productivity through Tokens, energy costs have become the critical variable determining the competitive landscape. The disparity in electricity costs between domestic and international markets further confirms the high sensitivity of computing power enterprises to electricity price differentials.

For large-scale AI enterprises, optimizing the levelized cost of electricity translates directly into hundreds of millions of yuan in profit margins, establishing a cost advantage that serves as the most formidable competitive moat. Against this backdrop, Guoxia Technology takes the lead in proposing the forward-looking concept of “Storage-as-a-Token.” With electricity costs accounting for over 70% of total operating expenses in intelligent computing centers, ultimate control over cost per kWh grants sovereignty over Token pricing. We firmly believe that the deep integration of energy storage and computing power is not merely a technological trend but a commercial imperative. Guoxia Technology will continue to delve into the integration of power and computing, building an energy value loop from watt-hours to kilowatt-hours, and endowing every kilowatt-hour with strategic value in the computing era. We look forward to joining hands with partners from all sectors to co-create a win-win future and achieve greatness amidst the dual waves of the AI revolution and energy transformation.

We extend our deepest gratitude for every ounce of trust and companionship. To our dedicated employees, valued customers, shareholders, and supporters across society – thank you for your unwavering support. It is your backing that empowers us to stride forward steadily amidst the tides of the energy and computing era.

Chairman

Feng Lizheng

12 April 2026

FINANCIAL HIGHLIGHTS

	For the year ended		Change ratio
	31 December		
	2025	2024	
	RMB'000	RMB'000	
Revenue	2,057,423	1,025,613	100.6%
Gross profit	382,581	155,007	146.8%
Gross profit margin	18.6%	15.1%	23.2%
Profit for the year	102,913	49,119	109.5%
Net profit margin	5.0%	4.8%	4.2%
Profit attributable to owners of the Company	102,859	49,119	109.4%
Net cash flows from operating activities	145,229	3,730	3,793.5%
Basic earnings per share (RMB per share)	0.22	0.17	29.4%

For the year ended 31 December 2025, the total revenue of the Group was approximately RMB2,057.4 million, representing an increase of approximately 100.6% from approximately RMB1,025.6 million for the year ended 31 December 2024.

For the year ended 31 December 2025, the gross profit of the Group was approximately RMB382.6 million, representing an increase of approximately 146.8% from approximately RMB155.0 million for the year ended 31 December 2024. The Group's gross profit margin was approximately 18.6%, representing an increase of approximately 23.2% as compared with the gross profit margin of approximately 15.1% for the year ended 31 December 2024.

For the year ended 31 December 2025, the profit of the Group was approximately RMB102.9 million, representing an increase of approximately 109.5% from approximately RMB49.1 million for the year ended 31 December 2024.

For the year ended 31 December 2025, the net cash flows from operating activities was approximately RMB145.2 million, representing an increase of approximately 3,793.5% from approximately RMB3.7 million for the year ended 31 December 2024.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

1. Industry Development and Trends

In 2025, the global energy transition entered a critical acceleration phase. As the core infrastructure underpinning the new power system, the energy storage industry achieved a historic leap from policy-driven to market-driven growth, propelled by the imperatives of climate change mitigation, energy security, and renewable energy integration. According to data from SNE Research, global Energy Storage System (ESS) shipments reached 550 GWh in 2025, a 79% year-on-year increase, marking the industry's official entry into the TWh era. In terms of the global market landscape, China continued to lead the sector, leveraging its robust manufacturing capabilities and comprehensive industrial chain. In 2025, China's energy storage market reached 352 GWh, accounting for 64% of the global total with a remarkable annual growth rate of 117%. Concurrently, demand in emerging markets – including Europe, Africa, the Middle East, and Southeast Asia – continued to surge, and the multi-polar and thriving energy storage landscape is taking shape at an accelerated pace.

In terms of application scenarios, large-scale energy storage continues to dominate the global landscape. Driven by critical demands for grid frequency regulation, backup capacity, and renewable energy integration, gigawatt-level projects are accelerating across major global markets and becoming the norm. Concurrently, the economic viability of commercial and industrial (C&I) energy storage has improved significantly amidst widening peak-to-valley price spreads and the maturation of electricity market mechanisms, establishing it as a new growth engine. Meanwhile, residential energy storage maintains stable demand in mature markets such as Europe and Australia, while progressively penetrating emerging markets in Southeast Asia and Africa. Notably, as the penetration rate of renewable energy continues to rise, the global demand for long-duration energy storage (LDES) exceeding four hours is on a steady upward trend. Energy storage technology is evolving from short-term regulation of 1–2 hours toward energy support over longer time scales, prompting numerous countries to incorporate LDES into their energy transition planning.

Focusing on the domestic market, statistics from the China Energy Storage Alliance (CNESA) show that China's installed capacity of new-type energy storage reached 144.7 GW in cumulative terms in 2025, representing a year-on-year increase of 85%. In terms of application structure, independent energy storage has emerged as the dominant form, accounting for 58% of the total, while the user-side share declined significantly to 8%. Allocation for new energy projects remained stable, whereas the share of thermal power storage for frequency regulation dropped to 1.4%. Regionally, western provinces have taken the lead. Inner Mongolia ranked first nationally in both power and energy capacity, surpassing California, USA, to become the world's leading region by installed capacity. Yunnan entered the top ten for the first time, reflecting the continuous release of demand for energy storage support in western provinces with abundant renewable energy resources.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Regulatory Framework and Industry Policies

2025 marked a pivotal year for the acceleration and refinement of China's energy storage policy framework. In February 2025, the National Development and Reform Commission (NDRC) and the National Energy Administration (NEA) jointly released the Notice on *Deepening the Market-oriented Reform of On-grid Tariffs for New Energy to Promote High-quality Development*. This notice explicitly abolished the mandatory energy storage allocation requirement for renewable energy, signaling the industry's transition into a new phase driven by market-oriented mechanisms. This policy shift did not dampen demand; rather, it accelerated the industry's transformation from a "supporting cost" to an "operational asset." In September 2025, the NDRC and NEA issued the *Action Plan for the Large-scale Development of New Energy Storage (2025–2027)*. This plan set a target for the national installed capacity of new energy storage to exceed 180 GW by 2027 and explicitly encouraged participation in electricity energy and ancillary service markets. By improving capacity tariff and compensation mechanisms, these measures have provided clear policy guidance for the industry's healthy development.

Regarding overseas policies, the European Union released the *European Automotive Industry Action Plan* in March 2025, proposing the acceleration of charging infrastructure construction. This initiative is poised to expedite Europe's energy transition and stimulate the release of energy storage market demand, presenting significant opportunities for Chinese energy storage enterprises to expand globally. Additionally, the *National Energy and Climate Plan*, released in May of the same year, emphasized enhancing project revenue certainty through long-term contract mechanisms and strengthening system flexibility by integrating resources such as energy storage and demand response. Meanwhile, countries including the United States and Australia have continued to drive market expansion through tax incentives and subsidy policies.

3. Technology Development Trends

In 2025, energy storage technology exhibited a development pattern characterized by lithium-ion dominance alongside diversified progress. Lithium iron phosphate (LFP) batteries continued to maintain market dominance, leveraging their high safety, long cycle life, and cost advantages. The accelerated adoption of large-capacity cells (300Ah+) is driving energy storage systems toward higher energy density and lower levelized cost of electricity (LCOS). Concurrently, the industrialization of emerging technologies such as sodium-ion batteries, flow batteries, and semi-solid-state batteries is gaining momentum. Sodium-ion batteries, distinguished by their superior low-temperature and rate performance, have begun to see small-scale application in scenarios such as start-stop batteries and light-duty mobility. Furthermore, the deep integration of grid-forming energy storage, AI-powered intelligent operations and maintenance, and digital twin technologies is upgrading systems from "grid-following" to "grid-forming" capabilities, significantly enhancing the dispatchability and economic viability of energy storage assets.

MANAGEMENT DISCUSSION AND ANALYSIS

Artificial intelligence is profoundly empowering energy storage systems. By optimizing charge-discharge strategies, predicting load curves, and participating in electricity market trading through AI algorithms, energy storage systems are evolving from standalone equipment into intelligent, operable, and value-accretive assets – a trend that has become an industry consensus.

4. Market Standing and Competitive Landscape

As a leading energy storage system solutions provider in China, the Group has focused on the “AI+” energy storage strategy since its inception in 2019, establishing a full-stack technology closed loop ranging from battery management to system dispatch. According to a report by Frost & Sullivan, in 2024, Guoxia Technology ranked as the eighth-largest Chinese energy storage system supplier globally by newly installed capacity in the global multi-purpose energy storage system market, and the tenth-largest by global residential energy storage system shipments. Under the overseas brand “HANCHU ESS,” the Group’s products have achieved multi-scenario intelligent energy storage deployment in over 30 countries and regions, including Europe, Africa, and Southeast Asia. In 2025, The Group has achieved a twofold increase in revenue both domestically and internationally. Our domestic large-scale energy storage and EPC projects are expanding at a rapid pace, with shipments surpassing 5.7 GWh. Meanwhile the Group successfully executed batch deliveries of overseas large-scale independent power plant projects and further expanded its presence in overseas commercial, industrial, and residential markets, accelerating its globalization process.

The Group’s competitive advantage lies in delivering AI-empowered, platform-based energy storage system solutions that seamlessly integrate hardware, software, and intelligent services. The proprietary Guoxia AI and HANCHU AI Assistant have been embedded into the Safe ESS and HANCHU iESS platforms, providing modular and scenario-specific system solutions. These platforms are capable of flexibly adapting to a wide range of applications across the generation, grid, and user sides, establishing a distinct competitive edge over traditional hardware-centric manufacturers.

5. Industry Outlook

Looking ahead, the global energy storage market is poised to maintain a robust growth trajectory. According to SNE Research, driven by the increasing penetration of renewable energy, rising demand for grid flexibility, and the continuous decline in energy storage system costs, global shipments of energy storage batteries are expected to surpass 600 GWh in 2026. As the world’s largest energy storage market, China will continue to lead the industry’s high-quality development, propelled by the dual drivers of policy guidance and market-oriented mechanisms. In terms of competition, the industry will shift from price-based competition to value-based competition. Core competitiveness will increasingly hinge on enterprises’ capabilities in full life cycle services, system integration, and intelligent operation. Enterprises equipped with technological barriers, global layout, and operational service capabilities will gain a competitive edge, propelling the industry toward a safer, more efficient, intelligent, and sustainable development path.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading provider of renewable energy solutions and products in China's energy storage industry, specializing in the R&D, manufacturing and sales of energy storage system solutions and products. Its products and solutions are widely applied to large-scale power generation-side, grid-side, industrial and commercial, as well as residential scenarios in both domestic and overseas markets. Since its establishment in 2019, the Group has been deeply engaged in the energy storage industry value chain (full-chain coverage with a midstream focus). Committed to delivering platform-based and internet-enabled AI-optimized energy solutions, it provides support and empowerment to participants across the upstream, midstream and downstream of the industrial chain, fostering the sustained development of the renewable energy ecosystem.

The Group distinguishes itself as a pioneering innovator within the energy storage sector, possessing technological capabilities that rank among the most advanced in the industry. According to the Frost & Sullivan report, the Group holds the distinction of being the first solutions provider to develop an IoT platform specifically for the industry in which it operates. Furthermore, it is the first to develop an industry-specific model based on proprietary technology and AI algorithms. Beyond these technological milestones, the Group actively fosters the development of a renewable energy ecosystem. This is achieved through strategic initiatives such as participating in the formation of the "Large-scale Energy Storage Ecosystem Innovation Consortium" and establishing stable collaborative partnerships with academic institutions and research bodies, including Shanghai Jiao Tong University. These efforts facilitate the integration and linkage of the industrial chain's upstream, midstream, and downstream sectors, realizing a strategy of mutual benefit and win-win outcomes, thereby safeguarding the comprehensive realization of our future development strategies.

In 2025, the Group achieved sustained and rapid development through comprehensive growth across all business segments. In terms of revenue structure, energy storage system solutions remained the Group's core pillar. Meanwhile, the EPC services business experienced explosive growth, demonstrating the Group's capability as a comprehensive solutions provider, underpinned by enhanced project reserves and contract fulfillment capabilities.

- **Energy Storage System Solutions:** In the domestic market, the Group continued to deepen its strategic layout for large-scale energy storage power stations. Overseas, it successfully achieved batch delivery of large-scale independent power station projects, while simultaneously expanding its presence in the overseas commercial and industrial (C&I) and residential energy storage markets. Benefiting from the synergistic growth in both domestic and international markets, revenue from energy storage system solutions increased by approximately 80.8%, from approximately RMB1,003.4 million for the year ended 31 December 2024 to approximately RMB1,814.1 million for the year ended 31 December 2025.
- **EPC Services:** The Group saw an increase in its reserves of large-scale projects alongside enhanced contract fulfillment capabilities. Revenue from EPC services surged by approximately 790.3%, rising from approximately RMB19.5 million for the year ended 31 December 2024 to approximately RMB173.6 million for the year ended 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has consistently adhered to a strategy of technological innovation and precise, scenario-based product positioning. Always regarding R&D as the core driving force of its development, and guided by the “AI+” energy storage strategy, the Group continues to build integrated solutions and a comprehensive product portfolio covering all energy usage scenarios.

1. Technology Innovation

The Group adheres to a dual-drive strategy powered by both technological and business model innovation. Committed to continuous innovation, the Group strives to refine its energy storage system solutions, delivering exceptional performance and efficiency in its products.

- (1) In the realm of AI, the Group’s self-developed systems – Guoxia AI and the HANCHU AI Assistant – have undergone continuous iteration and upgrades. Leveraging a proprietary vertical large model architecture, the Group integrates Mixture of Experts (MoE) routing, time-series prediction, and multimodal visual recognition capabilities. This technology bridges the full link of data from cell design and manufacturing processes to on-site operations, achieving a paradigm shift in safety from “passive monitoring” to “proactive prediction.” Guoxia AI is deeply integrated with the Group’s proprietary knowledge base. Through automated data organization, report generation, workflow optimization, and professional query support, it significantly enhances internal operational efficiency and R&D productivity. Meanwhile, the HANCHU AI Assistant incorporates an energy-specific fine-tuned vertical large model that supports voice interaction and intelligent forecasting. It provides full-process services ranging from pre-sales consultation and product recommendations to installation guidance and troubleshooting. Both AI systems are deeply embedded within the Safe ESS and HANCHU iESS platforms, realizing a profound convergence of hardware, software, and intelligent services.
- (2) In terms of core technology research and development, the Group has achieved continuous breakthroughs in seven core technologies, namely energy AI technology, inverter technology, energy storage battery platform design and development, energy Internet of Things technology, energy storage EMS scheduling module and unattended operation and maintenance technology, 3S integrated control inverter integrated machine technology, and the local controller for single battery.

MANAGEMENT DISCUSSION AND ANALYSIS

- (3) In terms of technology migration and platform-based strategy, the Group has adopted a modular and platform-based technical strategy to systematically upgrade and migrate the core technologies of its residential energy storage system business, successfully extending its capabilities from residential energy storage to large-scale and industrial & commercial energy storage. Specifically: First, in battery management technology, the proven estimation algorithms from residential energy storage systems have been directly migrated and upgraded to a distributed cluster battery management system, which can safely and efficiently manage thousands of cells in large-scale and industrial & commercial systems while ensuring reliable cycle life. Second, in energy dispatch capability, algorithms from residential energy management systems form the core of large-scale energy management systems, which, after further enhancement, can support peak shaving and valley filling, frequency regulation, and virtual power plant operation. Third, in security architecture, the multi-layer security system validated in residential energy storage systems has been expanded into an active and passive safety framework suitable for large-scale and industrial & commercial applications, covering thermal runaway prevention, active fire suppression systems, and fault-tolerant design. Fourth, in system integration and delivery, leveraging the standardization advantages and rapid integration experience of residential energy storage products and solutions, the Group has developed a fully modular prefabricated container design supported by a digital twin and cloud-based operation and maintenance platform, enabling efficient delivery of both standardized and customized turnkey solutions.
- (4) The Group has entered into a joint technology development agreement with Shanghai Jiao Tong University to establish a Joint R&D Center for Energy Storage Thermal Management. This center focuses on the research and development of new products, materials, and processes, specifically targeting innovations in liquid and air cooling for battery packs, battery pack lightweighting, and direct cooling technologies. Starting from the upstream material level of the industry chain, the Joint R&D Center defines and studies heat dissipation and temperature control technologies for energy storage systems. It has successfully developed a liquid cooling plate solution characterized by high structural strength, superior thermal efficiency, and cost controllability, aiming to enhance product safety and elevate the standard of temperature control technology. Furthermore, our R&D team has established close collaborative relationships with external universities and research institutions, including Shanghai Jiao Tong University and Jiangnan University. Through stable R&D and communication mechanisms, we continuously explore and research advanced technologies within the industry. As of December 31, 2025, the Group's R&D team comprised 169 technical personnel. We hold a cumulative portfolio of 19 invention patents, 19 utility model patents, and 42 design patents. The Group has been recognized as a National "High-tech Enterprise", a Jiangsu Province "Gazelle Enterprise," a Jiangsu "Specialized, Refined, Unique, and Innovative (SRUI) SME," and a "Jiangsu Unicorn Enterprise."

MANAGEMENT DISCUSSION AND ANALYSIS

2. Product Enhancement

The Group's R&D efforts remain focused on product performance, new product development, product technology, and the product ecosystem. Our goal is to meet the needs of customers and end-users, ensuring the provision of the most suitable solutions and products for diverse energy storage scenarios.

- (1) **Large-Scale Energy Storage Systems:** The Group's hybrid energy storage system, which integrates Lithium Iron Phosphate (LFP) batteries with All-Vanadium Redox Flow Batteries (VRFB), along with grid-forming control technology, has been successfully deployed at the Ordos Gushanliang 300MW/1200MWh independent energy storage power station. As the world's largest single-unit grid-forming hybrid energy storage station, the project set a new efficiency record for the construction of large-scale grid-forming storage facilities by achieving grid connection in a single phase within just 10 hours. Estimates indicate that the project will deliver approximately 400 million kWh of clean electricity to the grid annually. This is equivalent to saving 160,000 tonnes of standard coal and reducing carbon emissions by roughly 400,000 tonnes, providing critical support for the construction of a new power system dominated by renewable energy.
- (2) **Commercial & Industrial Energy Storage Systems:** The Group has witnessed rapid growth in its commercial and industrial energy storage systems. Specifically, our 215 kWh and 418 kWh energy storage cabinets have gained strong market recognition for their outstanding performance. The 215 kWh energy storage cabinets adopt air-cooling technology and feature an integrated design that combines batteries and inverters. By contrast, the 418 kWh energy storage cabinets employ liquid-cooling technology and adopt an all-DC battery compartment solution. Both models are equipped with multiple fire protection and electrical protection systems, and have successfully achieved mass production and batch delivery overseas. By dynamically adjusting charging and discharging strategies, we help customers optimize the matching of power supply and demand, effectively reduce electricity costs, and achieve highly efficient operation.
- (3) **Residential Energy Storage Systems:** The Group's low-voltage and high-voltage lithium battery systems and inverters have been delivered on a large scale to overseas markets, including Europe and Africa, through our extensive distribution networks. The Group is one of the industry's early movers in achieving the large-scale adoption and commercialization of AI and internet platforms within residential energy storage scenarios. Through the application of our platform, we have significantly reduced the need for equipment repairs, lowered operation and maintenance costs, and enhanced both equipment efficiency and user experience.

MANAGEMENT DISCUSSION AND ANALYSIS

- (4) **AI Optimization Platforms:** The Safe ESS platform integrates cloud computing, edge computing, and terminal device collaboration to provide end-users of large-scale and commercial & industrial (C&I) energy storage systems with real-time monitoring, system dispatch, and grid integration capabilities. The HANCHU iESS platform leverages IoT technology to deliver energy management, remote control, and scenario-based strategy adaptation services for residential energy storage users. It automatically adjusts charging and discharging strategies based on weather conditions, electricity price fluctuations, and user consumption habits.

3. Performance Highlights

During the reporting period, the Group's revenue doubled to RMB2,057.4 million (+100.6%), while profit surged 109.5% to RMB102.9 million. Notably, gross margin improved to 18.6% (from 15.1%), achieving counter-cyclical growth. This performance was driven by the global energy storage boom – specifically in multi-scenario applications, grid frequency regulation, and AI data center infrastructure. Additionally, net operating cash flow soared to RMB145.2 million (+3,793.5%), underscoring significantly improved earnings quality and cash conversion.

- (1) **Large-Scale Energy Storage Systems:** The Group generated revenue of approximately RMB1,568.1 million from this segment, accounting for 76.3% of total revenue, representing a year-on-year increase of 99.67%. We successfully delivered multiple benchmark projects, including the Inner Mongolia Ordos Hybrid Energy Storage Project (300MW/1200MWh) and Shandong Dezhou Windey Smart Storage Liquid-cooled Large-scale Energy Storage System Project (200MW/400MWh). These deliveries fully demonstrate our capability to execute GWh-level projects. Furthermore, the Group has entered into a strategic cooperation agreement with CALB (China Aviation Lithium Battery) Group Co., Ltd. and participated in the formation of the “Large Energy Storage Ecosystem Innovation Consortium,” achieving effective linkage and integration across the upstream, midstream, and downstream of the industrial chain.
- (2) **Commercial & Industrial Energy Storage Systems:** Revenue from this segment reached approximately RMB14.6 million, representing a year-on-year growth of 52.0%. This is primarily attributed to our continuous deepening of market presence in the Czech Republic, Hungary, the Netherlands, and other European markets. Our commercial and industrial energy storage projects have established themselves as regional benchmarks, delivering excellent operational efficiency.
- (3) **Residential Energy Storage Systems:** Revenue from residential energy storage systems reached approximately RMB231.4 million, a year-on-year increase of 11.0%, with overseas markets maintaining steady growth. As of December 31, 2025, revenue from overseas markets totaled approximately RMB426.5 million, accounting for 20.7% of the Group's total revenue. Notably, revenue from residential energy storage systems has grown from RMB102.3 million in 2022 to RMB231.4 million in 2025, representing a Compound Annual Growth Rate (CAGR) of 31.3%.

MANAGEMENT DISCUSSION AND ANALYSIS

- (4) EPC Services: Revenue from EPC services reached approximately RMB173.6 million, representing a staggering year-on-year increase of 790.3%. By integrating equipment, design, construction, and after-sales service, the Group employs a turnkey model to oversee the full project lifecycle, ensuring high-quality and high-efficiency project delivery.
- (5) Capacity building: The Group continued to expand its production capabilities in 2025. Total annual capacity increased from 1,561.2MWh in 2024 to 4,800.6MWh in 2025, driven by the addition of two new production lines. This comprehensive expansion of capacity across various energy storage system products aligns with the rising trend of orders on hand and revenue, providing a solid guarantee for the continuous expansion of our business scale.
- (6) Brand and Qualifications: The Group operates under a dual-brand strategy: “Guoxia” serves as the domestic brand, while “HANCHU ESS” is designated for overseas markets, which has gained extensive recognition in international markets. The Group has obtained multiple authoritative certifications, including ISO 9001 (Quality Management), ISO 14001 (Environmental Management), ISO 45001 (Occupational Health and Safety), and ISO/IEC 27001 (Information Security Management).

FUTURE PLAN

Driven by innovation and spearheaded by an AI-centric strategy, the Group is making forward-looking strides in global energy storage, computing synergy, and new power system infrastructure. By achieving multidimensional breakthroughs in AI algorithms, system integration, intelligent manufacturing, and safety O&M, we continuously fortify our technological barriers and product competitiveness. Focusing on its core “AI+” energy storage business, the Group practices a dual-cycle layout of deepening its domestic presence while expanding overseas. Taking genuine customer needs as the starting point for R&D, we directly address industry pain points regarding safety, efficiency, and cost. We are committed to providing global users with high-safety, high-reliability, and high-intelligence all-scenario energy storage solutions, accelerating the digital and intelligent transformation of the energy industry.

1. R&D and Product Innovation

Centering on six key pillars – AI-centric capabilities, energy storage product R&D, virtual power plant development, safety and intelligent O&M, intelligent manufacturing and convergence of computing power and energy – the Group will continue to make breakthroughs to solidify its technological leadership.

- (1) AI-centric capabilities: By continuously iterating the Guoxia AI and HANCHU AI Assistant, we are bolstering our vertical large models, multimodal algorithms, and edge intelligence, alongside an upgraded AI computing infrastructure. This facilitates a paradigm shift in energy storage safety – transitioning from “passive monitoring” to “active prediction.” Additionally, we are enhancing the Safe ESS and HANCHU iESS platforms to establish an integrated space-air-ground intelligent O&M network, realizing a fully intelligent closed loop for load forecasting and work order management.

MANAGEMENT DISCUSSION AND ANALYSIS

- (2) Energy Storage Product R&D: Domestically, we focus on key technologies such as intelligent EMS dispatching, 3S integrated inverters, and battery early warning systems, and have established a thermal runaway simulation laboratory to solidify our safety foundation. Overseas, we prioritize the R&D of next-generation energy storage batteries and inverters, completing the optimization and international certification of the HANCHU iESS platform to align with global market standards.
- (3) Virtual Power Plant Development: Leveraging AI-driven dispatch algorithms, we have established a core management and control platform that enables the coordinated scheduling of distributed energy storage, new energy power stations, and grid loads. This initiative delivers an integrated “Source-Grid-Load-Storage” virtual power plant solution.
- (4) Safety and O&M System: We are optimizing the capabilities of the Safe ESS and HANCHU iESS platforms to construct an integrated space-air-ground intelligent O&M network, achieving a full-process intelligent closed loop for load forecasting and work order management.
- (5) Intelligent Manufacturing Upgrade: We are advancing the digitalization and automation of our production lines to enhance product consistency and production efficiency, ensuring the efficient and stable delivery of GWh-level projects.
- (6) Convergence of Computing Power and Energy: We are actively implementing the innovative “Storage-as-a-Token” concept by establishing a full-link management and control system that integrates “green power, energy storage, and computing power”. We are building an AI-driven Tokenized Energy Storage Factory to deeply bind the value of energy with that of computing power. Furthermore, we are exploring pathways for the assetization of computing power Tokens and digital energy assets to drive the synergistic optimization of computing and green power costs. This initiative enables us to provide global intelligent computing centers with highly reliable, cost-effective green power support solutions, positioning the Group as a global leader in the convergence of computing power and energy.

2. Market and Customer Development

The Group will continue to focus on four core business segments – Domestic market, Virtual power plants business, Overseas expansion, and Computing power support market – to precisely develop the global market.

- (1) Domestic Market: We are continuously deepening strategic partnerships with grid companies, major power generation groups, and leading system integrators to expand our market share in large-scale independent energy storage power stations. Concurrently, we are increasing penetration in industrial and commercial energy storage scenarios and diversifying our business models.
- (2) Virtual Power Plant Business: Leveraging AI dispatch technology and energy storage system resources, we are actively participating in grid ancillary services and demand-side response programs. We are connecting scenarios such as new energy power stations, industrial parks, and intelligent computing centers to build VPP demonstration projects and establish a market-oriented operation system.

MANAGEMENT DISCUSSION AND ANALYSIS

- (3) Overseas Expansion: Aligned with our globalization strategy, we are prioritizing deployment in Europe and Africa, driving a strategic upgrade from “product export” to “localized production and ecosystem output.” Drawing on industry-leading practices, we leverage our overseas system factories as a fulcrum to pivot from an equipment supplier to a global energy service provider. We are building integrated capabilities in localized engineering design, grid-commissioning, and long-term O&M services. This approach ensures the large-scale delivery of large-scale energy storage power stations, perfects our local service networks, and elevates our global brand influence.
- (4) Computing Power Support Market: Focusing on the core needs of intelligent computing centers, we provide highly reliable green power support and solutions to optimize the levelized cost of electricity (LCOE). By partnering with leading AI enterprises and computing operators, we are creating benchmark “Storage + Computing” projects to capture the emerging track of power-computing synergy.

3. Production Capacity and Global Market Layout

Leveraging funds raised from the Global Offering, the Group will systematically advance capacity expansion and the establishment of a global service network to comprehensively enhance delivery and service capabilities.

- (1) Capacity Expansion: We are adding intelligent production lines and testing equipment for large-scale energy storage, expanding residential storage assembly lines, and completing digital upgrades at production bases to reduce reliance on outsourced manufacturing.
- (2) Overseas Network: We are establishing operation service centers and brand experience centers in key countries across Europe and Africa, building an integrated local service system that encompasses warehousing, maintenance, training, and data monitoring.
- (3) Supply Chain Optimization: We are integrating global supply chain resources to control costs through lean management and volume procurement, smoothing raw material price fluctuations to ensure stable profitability.

4. Long-term Strategic Development

Committed to deepening the “AI + Energy Storage + VPP + Computing Power” ecosystem, we leverage technological innovation to drive synergy across energy storage, new power systems, and the computing sector. Upholding a philosophy of long-term value creation, the Group strives to establish itself as a global leader in the fusion of energy and computing. We remain dedicated to collaborating with partners worldwide to shape a sustainable future for the energy industry.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The following table sets forth a breakdown of the Group's revenue by business line for the years indicated:

	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
ESS Solutions	1,814,110	88.2	1,003,382	97.8
– Large-scale ESS	1,568,136	76.3	785,354	76.6
– Commercial and Industrial (“C&I”) ESS	14,550	0.7	9,572	0.9
– Residential ESS	231,406	11.2	208,354	20.3
– Other ESS ⁽¹⁾	18	0.0	102	0.0
EPC Services	173,610	8.4	19,512	1.9
Others ⁽²⁾	69,703	3.4	2,719	0.3
Total	2,057,423	100.0	1,025,613	100.0

Notes:

- (1) Other ESS primarily included revenue generated from sales of charging piles and fire safety ESS.
- (2) Others primarily included revenue generated from our sales of miscellaneous items such as semi-finished ESS products and spare parts.

Revenue of the Group increased by approximately 100.6% from approximately RMB1,025.6 million for the year ended 31 December 2024 to approximately RMB2,057.4 million for the year ended 31 December 2025, mainly reflecting the following:

- (i) revenue from ESS solutions increased by approximately 80.8% from approximately RMB1,003.4 million for the year ended 31 December 2024 to approximately RMB1,814.1 million for the year ended 31 December 2025, primarily due to the synergistic efforts in both domestic and international markets: Domestically, we have strategically intensified the presence of our large-scale energy storage projects; internationally, we have realised batch delivery of large-scale independent power station projects, which provided a significant boost to the Group's revenue, while we strategically expanded our presence in overseas industrial, commercial, and residential energy storage markets;
- (ii) revenue from EPC services increased by approximately 790.3% from approximately RMB19.5 million for the year ended 31 December 2024 to approximately RMB173.6 million for the year ended 31 December 2025, primarily due to the increase in large-scale project pipeline and improved contract fulfillment capabilities; and

MANAGEMENT DISCUSSION AND ANALYSIS

- (iii) revenue from others increased by approximately 2,481.5% from approximately RMB2.7 million for the year ended 31 December 2024 to approximately RMB69.7 million for the year ended 31 December 2025. This increase was primarily attributable to constrained production capacity, and we sold semi-finished energy storage system (ESS) products during this year.

Cost of Sales

The Group's cost of sales increased from approximately RMB870.6 million for the year ended 31 December 2024 to approximately RMB1,674.8 million for the year ended 31 December 2025, primarily due to the increase in the cost associated with business expansion.

Gross Profit and Gross Profit Margin

The following table sets forth the Group's gross profit and gross profit margin by business line for the years indicated:

	Year ended 31 December			
	2025		2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%
ESS solutions	363,959	20.1	148,868	14.8
EPC services	16,780	9.7	4,293	22.0
Others	1,842	2.6	1,846	67.9
Total	382,581	18.6	155,007	15.1

The Group's gross profit increased by approximately 146.8% from approximately RMB155.0 million for the year ended 31 December 2024 to approximately RMB382.6 million for the year ended 31 December 2025, primarily due to the expansion of business of the Group.

The Group's gross profit margin for the year ended 31 December 2025 was approximately 18.6%, representing an increase of approximately 23.2% as compared with the gross profit margin of approximately 15.1% for the year ended 31 December 2024, mainly reflecting the following:

- (i) gross profit for ESS solutions increased by approximately 144.5% from approximately RMB148.9 million for the year ended 31 December 2024 to approximately RMB364.0 million for the year ended 31 December 2025;
- (ii) gross profit for EPC services increased by approximately 290.7% from approximately RMB4.3 million for the year ended 31 December 2024 to approximately RMB16.8 million for the year ended 31 December 2025; and

MANAGEMENT DISCUSSION AND ANALYSIS

- (iii) gross profit for others (primarily being sales of semi-finished ESS products and spare parts) decreased by approximately 0.3% from approximately RMB1.8 million for the year ended 31 December 2024 to approximately RMB1.8 million for the year ended 31 December 2025.

Other Income

The Group's other income primarily consists of government subsidies and interest income.

The Group's other income remained stable at approximately RMB14.6 million for both the year ended 31 December 2024 and 31 December 2025.

Administrative Expenses and Research and Development Costs

Administrative expenses and research and development costs increased by approximately 188.5% from approximately RMB26.1 million for the year ended 31 December 2024 to RMB75.3 million for the year ended 31 December 2025. Administrative expenses rose to 3.7% of revenue from 2.5% in the prior year, mainly due to increased listing costs and staffing expansion from business growth.

Research and Development Expenses

Research and development expenses increased by approximately 98.1% from approximately RMB31.6 million for the year ended 31 December 2024 to approximately RMB62.6 million for the year ended 31 December 2025. The R&D expenditures of the year ended 31 December 2025 accounted for 3% of our total revenue, maintaining the same level as the previous year.

Selling and Marketing Expenses

Selling and marketing expenses increased by approximately 154.1% from approximately RMB39.9 million for the year ended 31 December 2024 to approximately RMB101.4 million for the year ended 31 December 2025. The proportion of sales expenses of the year ended 31 December 2025 rose to 4.9% of revenue (compared to 3.9% last year), primarily driven by the business expansion into overseas markets.

Finance Costs

Financial costs increased by approximately 68.9% from RMB10.3 million for the year ended 31 December 2024 to approximately RMB17.4 million for the year ended 31 December 2025, primarily due to an increase in borrowings.

Income Tax Expense

Income tax expenses increased by approximately 174.5% from approximately RMB4.7 million for the year ended 31 December 2024 to approximately RMB12.9 million for the year ended 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the Year

As a result of the foregoing, profit for the year increased by approximately 109.6% from approximately RMB49.1 million for the year ended 31 December 2024 to approximately RMB102.9 million for the year ended 31 December 2025.

Property, Plant and Equipment

The Group's property, plant and equipment mainly consist of houses and buildings, furniture fixtures and office equipment, electronics equipment, motor vehicles.

The net carrying amount of the Group's property, plant and equipment increased by approximately 91.8% from approximately RMB90.3 million as at 31 December 2024 to approximately RMB173.2 million as at 31 December 2025.

Trade and Bills Receivables

Trade and bills receivables primarily arise from provision of various services in the ordinary course of business. The Group recognizes trade receivables when it has an unconditional right to receive consideration. The right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

The Group's trade and other receivables increased from approximately RMB520.5 million as at 31 December 2024 to approximately RMB1,220.8 million for the year ended 31 December 2025. The increase in trade and bills receivables aligns with revenue expansion. The aging structure remains overall healthy, and collection risk is controllable.

Prepayments, Other Receivables and Other Assets

The Group's prepayments primarily include prepayments, value-added-tax recoverable, deposits, loans to third parties, staff advances, other receivables and other assets.

The Group's prepayments, other receivables and other assets decreased by approximately 19.1% from approximately RMB143.8 million as at 31 December 2024 to approximately RMB116.4 million as at 31 December 2025, mainly due to the reduction in the scale of loans provided to third parties this year as such arrangements were terminated before the Company's listing in 2025.

Cash and Cash Equivalents

The Group's cash and cash equivalents increased by approximately 1,955.7% from approximately RMB50.3 million as at 31 December 2024 to approximately RMB1,034.0 million as at 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Trade and Bills Payables

Trade and bills payables primarily represent the Group's obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers.

The Group's trade and other payables increased by approximately 195.0% from approximately RMB438.9 million as at 31 December 2024 to approximately RMB1,294.6 million as at 31 December 2025, primarily due to the expansion of business scale of the Group.

Contract Liabilities

The Group's contract liabilities primarily consist of prepayments received for the Group's ESS and EPC services from its customers, while the services are yet to be provided.

The Group's contract liabilities increased from approximately RMB82.1 million as at 31 December 2024 to approximately RMB86.1 million as at 31 December 2025.

Net Current Assets

The Group's net current assets increased from approximately RMB47.6 million as at 31 December 2024 to approximately RMB965.9 million as at 31 December 2025, primarily attributable to (i) an increase in trade and bills receivables of approximately RMB700.4 million; (ii) an increase in cash and cash equivalents of approximately RMB983.8 million; (iii) an increase in trade and bills payables of approximately RMB855.7 million; and (iv) an increase in inventories of approximately RMB234.6 million.

LIQUIDITY AND CAPITAL RESOURCES

The Group's principal use of cash has been for working capital purposes. The Group's main source of liquidity has been generated from cash flows from operations and net proceeds received from the Global Offering. As at 31 December 2025, cash and cash equivalents of the Group amounted to approximately RMB1,034.0 million, increased by approximately 1,955.7% (31 December 2024: approximately RMB50.3 million). Going forward, the Group will closely monitor uses of cash and strive to maintain a healthy liquidity for its operations.

Bank Borrowings

As at 31 December 2025, the Group had interest-bearing bank borrowings of approximately RMB494.9 million (31 December 2024: approximately RMB317.5 million) of which approximately 100% were at fixed interest rate and 100% of which were denominated in RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of Assets

As at 31 December 2025, save as to (a) the mortgage created on the Group's owned property situated at No. 9, Huicheng Road, Changan Subdistrict, Huishan District, Wuxi, the PRC; and (b) restricted bank deposits amounting to approximately RMB57.8 million, the Group did not have any pledged assets (31 December 2024: restricted bank deposits of approximately RMB18.6 million).

Gearing Ratio

Gearing ratio is calculated based on net debt divided by the capital plus net debt, while net debt includes interest-bearing bank and other borrowings and lease liabilities. The Group's gearing ratio for the year ended 31 December 2025 was approximately 48.8% (31 December 2024: approximately 199.9%).

Contingent Liabilities

As at 31 December 2025, the Group did not have any outstanding material contingent liabilities (31 December 2024: nil).

Capital Expenditures

The Group's capital expenditures represent purchase of items of property, plant and equipment and other intangible assets. The Group incurred capital expenditures of approximately RMB96.1 million for the year ended 31 December 2025 (2024: approximately RMB76.3 million).

Funding and Treasury Policy

The Group adopted prudent funding and treasury policies while maintaining an overall healthy financial position. The Group's source of funding was raised by cash generated from operating activities and bank borrowings. The Group's treasury policies mainly include managing capital liquidity and yield to safeguard the healthy development of the principal businesses of the Group. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

Significant Investments, Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Save as to the Group's acquisition of investments in associate and joint venture amounting to RMB6.1 million, the Group did not have any significant investment, acquisition or disposal of subsidiaries, associates and joint ventures during the Reporting Period. These investments performed well during the fiscal year and are expected to generate returns for the Group in the future, while further expanding industrial synergies.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus and the section headed "Use of Proceeds from the Listing" below, as at 31 December 2025, the Group did not have any future plans for material investments or additions of capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

Use of Proceeds from the Listing

The Company was listed on the Listing Date and issued 38,930,800 H Shares, and subsequently issued 5,839,600 H Shares on 9 January 2026 as a result of the full exercise of the over-allotment option. After deducting the underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, the net proceeds from the Global Offering amounted to approximately HK\$809.7 million. The following table sets forth the Company's use of the proceeds from the Global Offering as at 31 December 2025.

	% of the total net proceeds	Net proceeds from the Global Offering (HK\$ in millions)	Utilised amount from the Listing Date and up to 31 December 2025 (HK\$ in millions)	Unutilised amount as at 31 December 2025 (HK\$ in millions)	Expected timeline of full utilization
Enhancing the Group's R&D capabilities	44.0	356.3	–	356.3	By the end of 2028
Building overseas operational and service network	19.0	153.8	–	153.8	By the end of 2028
Expand the Group's production capacity	27.0	218.6	–	218.6	By the end of 2028
Working capital	10.0	81.0	–	81.0	N/A
Total	100.0	809.7	–	809.7	

The net proceeds received by the Company from the Global Offering will be allocated and utilized in accordance with the purposes set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The Group was listed on December 16, 2025 and no proceeds had been utilized during the year 2025. The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future progress of business expansion and market conditions made by the Company. It will be subject to change based on the current and future development of market conditions.

Employees and Remuneration Policies

As of December 31, 2025, the Group had a total of 532 full-time employees in China (December 31, 2024: 326). For the year ended December 31, 2025, staff costs recognized as expenses amounted to approximately RMB85.9 million (for the year ended December 31, 2024: approximately RMB51.5 million).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group believes that the expertise, experience, and professional development of its employees are key drivers of its growth. We actively recruit skilled and qualified personnel with relevant experience in technology research and development to support the sustainable development of our business.

The remuneration packages of the Group's employees, which include salaries and bonuses, are generally determined based on their qualifications, industry experience, positions, and performance. In addition, the Group regularly provides training programs to management at all levels to meet practical needs, covering key areas of business operations, including but not limited to corporate culture and policies, technical knowledge required for specific positions, leadership skills, and general knowledge regarding the nature of the Group's services.

As of December 31, 2025, save for the pre-IPO share award schemes adopted by the Company on December 30, 2022, and June 30, 2024, respectively (pursuant to which the Group has granted restricted shares to its employees and directors), the Company has not adopted any share incentive schemes.

MARKET RISK

The Group is exposed to a variety of market risks, including interest rate risk, credit risk and liquidity risk, as set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. For the period ended December 31, 2025 (the "Reporting Period"), the Group did not hedge or consider necessary to hedge any of these risks.

Interest Rate Risk

The exposure of the Group to risk for changes in market interest rates relates primarily to its interest-bearing borrowings. The Group does not use derivative financial instruments to hedge interest rate risk.

Foreign Exchange Risk

The Group's operations are primarily conducted in Renminbi, which is the functional currency of the Group. Material fluctuations in the exchange rate of the Renminbi against the Hong Kong dollar may negatively impact the value and amount of any dividends payable on the shares of the Company. Currently, the Group does not implement any foreign currency hedging policy and the management of the Group will closely monitor any exposure to foreign exchange.

Credit Risk

The Group's credit risk is primarily attributable to cash at bank, trade and bills receivables, prepayments, deposits and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks with a high credit standing assigned by the management of the Group, to which the Group considers to have low credit risk. For the purposes of internal credit risk management, the Group has applied the general approach in HKFRS 9 to measure the loss allowance at 12-month ECLs as there is no significant increase in credit risk since initial recognition. The Group determines the expected credit losses for these assets by assessment of probability of default, loss given default and exposure at default.

MANAGEMENT DISCUSSION AND ANALYSIS

In respect of amounts due from related parties for non-trade nature, deposits and other receivables, the Group has assessed that the expected credit loss rate for these receivables is immaterial under the 12 months expected losses method based on historical settlement records and forward-looking information.

In respect of trade receivables from third parties and related parties, the Group measures loss allowances at an amount equal to lifetime ECLs based on historical settlement records and forward-looking information. The Group has a large number of customers and there was no concentration of credit risk. In addition, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group considers that a default event occurs when there is a significant decrease in services fee collection rate and estimates the expected credit loss rate for the Reporting Period. Normally, the Group does not obtain collateral from customers.

For cash and cash equivalents, the Group expects that there is no significant credit risk since they are substantially deposited at state-owned banks or other medium-to-large sized banks. The Group does not expect that there will be any significant losses from non-performance by those counterparties.

Liquidity Risk

The Group aims to maintain a balance between continuity of funding and flexibility through the use of interest-bearing borrowings. Cash flows are closely monitored on an ongoing basis.

REPORT OF THE BOARD

The Board is pleased to present this Report of the Board together with the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

During the Reporting Period, the Group was principally engaged in the manufacture and sale of energy storage products and systems, and the provision of EPC (Engineering, Procurement, Construction) services and other services.

PERFORMANCE REVIEW

A review of the Group's business during the Reporting Period, which includes an analysis of the Group's performance using key financial performance indicators, particulars of important events affecting the Group during the Reporting Period, and an indication of likely future development in the Group's business are set out in the section headed "Management Discussion and Analysis" in this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long-term sustainability of the environment and communities in which it operates and has not noted any material non-compliance with applicable environmental protection laws and regulations in relation to its business. The Group has established detailed internal rules regarding environmental protection and adopted effective measures to achieve efficient use of resources, waste reduction and energy saving.

A comprehensive review of the Group's environmental policy and performance for the Reporting Period is set out in the Environmental, Social and Governance Report.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the Group during the Reporting Period.

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties faced by the Group, some of which are beyond its control.

- Price fluctuation and inadequate or interrupted supply for our materials and components could adversely affect our business, financial condition, gross profit margin, and results of operations.
- We operate in a competitive market and we may not be able to effectively compete with existing and new competitors.

REPORT OF THE BOARD

- Change in product mix sold may adversely and materially affect our business, financial condition and results of operations.
- We sold our solutions and products to our overseas customers, i.e., majority of them are our distributors who are located in a number of overseas countries and jurisdictions, which are subject to legal, regulatory, operational and other risks inherent in such sales.
- If our distributors are not able to operate successfully or we fail to maintain good relationships with such distributors, our business, financial condition and results of operations could be materially and adversely affected.
- We may not be able to increase our production capacity as planned, and even if our production expansion projects proceed as planned, we may not be able to increase our production output in a timely manner or at all as initially envisioned.
- We may not be able to derive the desired benefits from our R&D efforts, which may negatively affect our competitiveness and profitability.
- Technological changes in the energy storage industry could render our solutions and products uncompetitive or obsolete, which cannot be accurately predicted nor fully mitigated despite our best efforts in R&D.
- We may not be successful in our AI initiatives, which could adversely affect our business, reputation or financial results.
- We may be exposed to credit risk associated with our trade and bills receivables.
- We derived a significant portion of our revenue from a limited number of customers during the Reporting Period and may continue to be exposed to the risk of customer concentration subsequent to the Reporting Period.
- We may be subject to the adverse impact of raw material price changes in association with our price locking of raw materials.
- Our business depends on our ability to protect our intellectual property rights, and we may be exposed to intellectual property infringement and other claims by third parties, which, if successful, could cause us to pay significant damages and incur other costs.
- Our financial result may be affected by government grants.
- The preferential tax treatment that we enjoyed may be changed or terminated.

REPORT OF THE BOARD

- We may incur significant costs because of the warranties we provide with our products, and our provisions to cover future potential claims under our product warranties may be insufficient.
- We may be subject to financial and reputational risks due to product recalls and product liability claims.
- We may be subject to liabilities and disruption in operations in connection with accidents that occur during the manufacturing process at our production facilities due to, among others, failure to comply with safety measures and procedures.
- Any loss of or failure to obtain or renew the certificates, licenses, approvals and permits may materially and adversely affect our business, results of operations and financial condition.
- We may be subject to litigation proceedings and regulatory actions, and may not always be successful in defending ourselves against such proceedings or actions.
- Recent judicial interpretation may increase our risks relating to social insurance contributions.
- We may be subject to penalties for the non-registration of lease agreements in the PRC.
- Fluctuations in exchange rates could adversely affect our results of operations.
- Holders of our H Shares may be subject to PRC income tax obligations.
- We are subject to governmental economic sanctions laws that could subject us to liability.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the H Shares.

KEY RELATIONSHIPS WITH STAKEHOLDERS

The Group actively communicates with stakeholders such as customers, employees, investors and Shareholders, suppliers and partners, and attaches great importance to the suggestions and feedback of stakeholders, which the Group regards as an important basis for improving operational management and sustainable development standards. In order to fully listen to the voices of stakeholders, the Group has established a variety of communication channels to ensure open and transparent information and efficient communication processes. We are fully aware that communication with stakeholders is an important and continuous process. In the future, we will continue to improve the communication mechanism, actively respond to the demands of stakeholders, optimize the management and operation standards of the Group, and enhance the sustainable development performance of the Group.

Details of the Group's key relationships with its employees, customers, suppliers and others that have a significant impact on the Group are set out in the Environmental, Social and Governance Report.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, revenue generated from the Group's largest and five largest customers in aggregate accounted for 18.4% and 54.8% of the Group's total revenue, respectively.

During the Reporting Period, purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for 7.3% and 22.3% of the Group's total purchase, respectively.

During the Reporting Period, none of the Directors, any of their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the number of the issued Shares) was interested in the five largest customers or suppliers of the Group.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors during the Reporting Period and up to the date of this report were:

Executive Directors

Mr. Feng Lizheng (*Chairman*)

Mr. Zhang Xi

Mr. Liu Ziyi

Dr. Bai Yang

Mr. Zhu Shuaishuai

Mr. Wang Zhenlin

Independent non-executive Directors

Mr. Qian Kaiming

Dr. Jiang Wei

Ms. Jiang Xingnan

Supervisors

Ms. Sun Beibei

Mr. Qian Zenglei

Ms. Hu Yifang

BIOGRAPHIES OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographies of our Directors, Supervisors and senior management of our Group are set out in the section headed "Directors, Supervisors and Senior Management" of this annual report.

REPORT OF THE BOARD

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

SERVICE CONTRACTS AND APPOINTMENT LETTERS OF THE DIRECTORS AND SUPERVISORS

We have entered into a contract with each of our Directors and Supervisors in respect of, among other things, compliance with the relevant laws and regulations and observance of the Articles of Association.

Each of our executive Directors has entered into a service contract with our Company. The principal particulars of these service contracts comprise (a) a term of three years which is equivalent to the term of the Board; and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to Shareholders' approval.

Each of our independent non-executive Directors has entered into a letter of appointment with our Company, which includes, amongst others, (a) a term of three years commencing from the Listing Date; and (b) termination provisions in accordance with their respective terms.

Each of our Supervisors has entered into a contract with our Company. Each contract contains provisions relating to compliance with relevant laws and regulations and observation of our Articles of Association.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors or Supervisors (other than contracts expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No Directors or any entity connected with the Directors had material interests in, either directly or indirectly, any transactions, arrangements or contracts of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party subsisted during or at the end of the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

No Directors or any of their respective associates had engaged in or had any interest in any business which competes or may compete with the business of the Group during the Reporting Period.

PERMITTED INDEMNITY PROVISION

The Group has purchased and maintained liability insurance to provide appropriate coverage for the Directors during the Reporting Period. The permitted indemnity provisions are set out in such liability insurance.

MANAGEMENT CONTRACTS

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

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

During the Reporting Period, the Company did not grant any rights to any Directors, Supervisors or their respective spouse or children under the age of 18 to acquire benefits by means of the acquisition of Shares in or debentures of the Company, and none of the above persons have exercised the said rights. The Company, its holding company, or any of its subsidiaries or fellow subsidiaries were not a party to any arrangements to enable the Directors or Supervisors to acquire such rights in any other body corporate.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and the five highest paid individuals for the Reporting Period are set out in Note 8 and Note 35(c) to the Consolidated Financial Statements in this annual report.

CONNECTED TRANSACTIONS

The Group has not entered into any connected transaction during the Reporting Period which is discloseable under Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions conducted by the Group during the Reporting Period is set out in Note 35 to the Consolidated Financial Statements in this annual report. With respect to such related party transactions, those transactions which constitute continuing connected transactions of the Company constitute fully exempted continuing connected transactions of the Company under the Listing Rules. The Board confirmed that Group has complied with the disclosure requirements for connected transactions or continuing connected transactions in accordance with Chapter 14A of the Listing Rules (if any) during the Reporting Period.

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed in this report, no contract of significance (including contract of significance for the provision of services) was entered into between the Group and the Controlling Shareholders or any of its subsidiaries during the Reporting Period.

REPORT OF THE BOARD

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as of 31 December 2025, save as disclosed below, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors, the Supervisors and chief executive of the Company were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

Interest in the Company

Name of Shareholder	Nature of Interest	Description of Shares	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the Unlisted Shares/ H Shares (%)	Approximate percentage of shareholding in the total share capital of the Company (%) ⁽²⁾
Mr. Feng	Beneficial owner	H Shares	10,748,000	2.76	2.10
		Unlisted Shares	1,897,000	1.54	0.37
	Interest in controlled corporation ⁽³⁾	H Shares	117,504,000	30.21	22.96
		Unlisted Shares	20,736,000	16.86	4.05
	Interest in controlled corporation ⁽⁴⁾	H Shares	56,954,000	14.65	11.13
		Unlisted Shares	10,051,000	8.17	1.96
	Interest in controlled corporation ⁽⁵⁾	H Shares	1,301,000	0.33	0.25
		Unlisted Shares	229,000	0.19	0.04
Mr. Liu	Beneficial owner	H Shares	13,120,000	3.37	2.56
		Unlisted Shares	2,315,000	1.88	0.45
Mr. Zhang	Beneficial owner	H Shares	7,000,000	1.80	1.37
		Unlisted Shares	1,235,000	1.00	0.24
	Interest in controlled corporation ⁽⁴⁾	H Shares	56,954,000	14.65	11.13
		Unlisted Shares	10,051,000	8.17	1.96
	Interest in controlled corporation ⁽⁵⁾	H Shares	28,688,000	7.38	5.60
		Unlisted Shares	5,062,000	4.11	0.99

Notes:

- All the above interests stated are long positions, and are interests of the Company.
- For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary Shares in the share capital of the Company, and are considered as one class of Shares.
- As of 31 December 2025, Hainan Xuding was held as to approximately 66.79% by Mr. Feng and 33.21% by Mr. Liu. Therefore, Mr. Feng is deemed to be interested in the Shares held by Hainan Xuding under the SFO. Mr. Liu is one of the Controlling Shareholders.

REPORT OF THE BOARD

4. Wuxi Luanhua is a senior management incentive shareholding platform of the Company. As of 31 December 2025, Wuxi Luanhua was owned as to (i) approximately 0.54% by its sole general partner, Mr. Feng, and (ii) approximately 70.68%, 24.11% and 4.68% by Mr. Zhang, Dr. Bai and Mr. Wang, respectively. Therefore, Mr. Feng and Mr. Zhang are deemed to be interested in the Shares held by Wuxi Luanhua under the SFO.
5. Wuxi Xiyun is a core employee incentive shareholding platform of the Company. As of 31 December 2025, Wuxi Xiyun was owned as to (i) approximately 1.06% by its sole general partner, Mr. Zhang, (ii) approximately 37.13% by its limited partner, Mr. Guo Xuelong, and (iii) approximately 61.81% by its other five limited partners, none of which individually owned more than one-third of the partnership interests in Wuxi Xiyun. Therefore, Mr. Zhang is deemed to be interested in the Shares held by Wuxi Xiyun under the SFO.
6. Wuxi Jiqing is an employee incentive shareholding platform of the Company. As of 31 December 2025, Wuxi Jiqing was owned as to (i) approximately 0.09% by its sole general partner, Mr. Feng, and (ii) approximately 99.91% by its 20 limited partners, none of them individually owned more than one-third of the partnership interests in Wuxi Jiqing. Therefore, Mr. Feng is deemed to be interested in the Shares held by Wuxi Jiqing under the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as of 31 December 2025, the following persons/entities (other than a Director, Supervisor or chief executive of the Company) have interests and/or short positions in our Shares or our underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under Section 336 of the SFO, or are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

Name of Shareholder	Nature of Interest	Description of shares	Number of Shares	Approximate percentage of shareholding in the Unlisted Shares/H Shares		Approximate percentage of shareholding in the total share capital of the Company
				Shares/	H Shares	
Hainan Xuding	Beneficial owner ⁽³⁾	H Shares	117,504,000	30.21%		22.96%
		Unlisted Shares	20,736,000	16.86%		4.05%
Mr. Feng	Beneficial owner	H Shares	10,748,000	2.76%		2.10%
		Unlisted Shares	1,897,000	1.54%		0.37%
	Interest in controlled corporation ⁽²⁾	H Shares	117,504,000	30.21%		22.96%
		Unlisted Shares	20,736,000	16.86%		4.05%
	Interest in controlled corporation ⁽⁴⁾	H Shares	56,954,000	14.65%		11.13%
		Unlisted Shares	10,051,000	8.17%		1.96%
Interest in controlled corporation ⁽⁶⁾	H Shares	1,301,000	0.33%		0.25%	
	Unlisted Shares	229,000	0.19%		0.04%	

REPORT OF THE BOARD

Name of Shareholder	Nature of Interest	Description of shares	Number of Shares	Approximate percentage of shareholding	
				in the Unlisted Shares/ H Shares	in the total share capital of the Company
Mr. Chen Junde	Beneficial owner	H Shares	62,271,000	16.01%	12.17%
		Unlisted Shares	10,989,000	8.93%	2.15%
Wuxi Luanhua	Beneficial owner ⁽⁴⁾	H Shares	56,954,000	14.65%	11.13%
		Unlisted Shares	10,051,000	8.17%	1.96%
Mr. Zhang	Beneficial owner	H Shares	7,000,000	1.80%	1.37%
		Unlisted Shares	1,235,000	1.00%	0.24%
	Interest in controlled corporation ⁽⁴⁾	H Shares	56,954,000	14.65%	11.13%
		Unlisted Shares	10,051,000	8.17%	1.96%
	Interest in controlled corporation ⁽⁵⁾	H Shares	28,688,000	7.38%	5.60%
		Unlisted Shares	5,062,000	4.11%	0.99%
Wuxi Xiyun	Beneficial owner ⁽⁵⁾	H Shares	28,688,000	7.38%	5.60%
		Unlisted Shares	5,062,000	4.11%	0.99%
Mr. Guo Xuelong	Interest in controlled corporation ⁽⁵⁾	H Shares	28,688,000	7.38%	5.60%
		Unlisted Shares	5,062,000	4.11%	0.99%
Wuxi Yuebai	Beneficial owner ⁽⁷⁾	H Shares	9,408,000	2.42%	1.84%
		Unlisted Shares	13,272,000	10.79%	2.59%
Ms. Xie Peilin	Interest in controlled corporation ⁽⁷⁾	H Shares	9,408,000	2.42%	1.84%
		Unlisted Shares	13,272,000	10.79%	2.59%
Mr. Cai Guoming	Beneficial owner	H Shares	17,733,000	4.56%	3.46%
		Unlisted Shares	25,017,000	20.34%	4.89%
Mr. Lin Guodong	Beneficial owner	H Shares	10,640,000	2.74%	2.08%
		Unlisted Shares	15,010,000	12.20%	2.93%
Kaibo Hongcheng	Beneficial owner ⁽⁸⁾	H Shares	12,199,000	3.14%	2.38%
		Unlisted Shares	17,209,235	13.99%	3.36%

REPORT OF THE BOARD

Name of Shareholder	Nature of Interest	Description of shares	Number of Shares	Approximate percentage of shareholding in the Unlisted Shares/ H Shares	Approximate percentage of shareholding in the total share capital of the Company
Kaibo (Hubei) Private Equity Fund Management Co., Ltd.	Interest in controlled corporation ^(B)	H Shares	12,199,000	3.14%	2.38%
		Unlisted Shares	17,209,235	13.99%	3.36%
Xuanming (Hubei) Enterprise Management Consulting Partnership (Limited Partnership)	Interest in controlled corporation ^(B)	H Shares	12,199,000	3.14%	2.38%
		Unlisted Shares	17,209,235	13.99%	3.36%
Mr. Zheng Xuyi	Interest in controlled corporation ^(B)	H Shares	12,199,000	3.14%	2.38%
		Unlisted Shares	17,209,235	13.99%	3.36%
Changzhou Shenghai Intelligent Technology Co., Ltd.	Interest in controlled corporation ^(B)	H Shares	12,199,000	3.14%	2.38%
		Unlisted Shares	17,209,235	13.99%	3.36%
Mr. Zhao Shengyu	Interest in controlled corporation ^(B)	H Shares	12,199,000	3.14%	2.38%
		Unlisted Shares	17,209,235	13.99%	3.36%
CALB Group Co., Ltd.	Interest in controlled corporation ^(B)	H Shares	12,199,000	3.14%	2.38%
		Unlisted Shares	17,209,235	13.99%	3.36%

Notes:

- All interests stated are long positions.
- For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares.
- As of 31 December 2025, Hainan Xuding was held as to approximately 66.79% by Mr. Feng and 33.21% by Mr. Liu. Therefore, Mr. Feng is deemed to be interested in the Shares held by Hainan Xuding under the SFO. Mr. Liu is one of our Controlling Shareholders.
- Wuxi Luanhua is a core employee incentive shareholding platform of the Company. As of 31 December 2025, Wuxi Luanhua was owned as to (i) approximately 0.54% by its sole general partner, Mr. Feng, and (ii) approximately 70.68%, 24.11% and 4.68% by Mr. Zhang, Dr. Bai and Mr. Wang, respectively. Therefore, Mr. Feng and Mr. Zhang are deemed to be interested in the Shares held by Wuxi Luanhua under the SFO.
- Wuxi Xiyun is a core employee incentive shareholding platform of our Company. As of 31 December 2025, Wuxi Xiyun was owned as to (i) approximately 1.06% by its sole general partner, Mr. Zhang, (ii) approximately 37.13% by its limited partner, Mr. Guo Xuelong, and (iii) approximately 61.81% by its other five limited partners, none of which individually owned more than one-third of the partnership interests in Wuxi Xiyun. Therefore, Mr. Zhang and Mr. Guo Xuelong are deemed to be interested in the Shares held by Wuxi Xiyun under the SFO.

REPORT OF THE BOARD

6. Wuxi Jiqing is an core employee incentive shareholding platform of our Company. As of 31 December 2025, Wuxi Jiqing was owned as to (i) approximately 0.09% by its sole general partner, Mr. Feng, and (ii) approximately 99.91% by its 20 limited partners, none of them individually owned more than one-third of the partnership interests in Wuxi Jiqing. Therefore, Mr. Feng is deemed to be interested in the Shares held by Wuxi Jiqing under the SFO.
7. Wuxi Yuebai is a limited liability partnership established in the PRC. As of 31 December 2025, Wuxi Yuebai was owned as to (i) approximately 42.34% by its sole general partner, Ms. Xie Peilin, and (ii) approximately 19.46% by Ms. Zhang Panpan, 15.83% by Mr. Tao Wei, 11.67% by Ms. Zhou Qiong, 4.86% by Ms. Cui Yanan, 3.89% by Mr. Liu Xin and 1.95% by Ms. Xu Siyue, respectively. Therefore, Ms. Xie Peilin is deemed to be interested in the Shares held by Wuxi Yuebai under the SFO.
8. Kaibo Hongcheng is a limited liability partnership established in the PRC. As of 31 December 2025, Kaibo Hongcheng was owned as to (i) approximately 0.91% by its sole general partner, Kaibo (Hubei) Private Equity Fund Management Co., Ltd.* (凱博(湖北)私募基金管理有限公司), which was held as to 70% by Xuanming (Hubei) Enterprise Management Consulting Partnership (Limited Partnership)* (宣明(湖北)企業管理諮詢合夥企業(有限合夥)), which was in turn held as to 96% by its general partner, Mr. Zheng Xuyi (鄭緒一), and (ii) approximately 49.55% by Changzhou Shenghai Intelligent Technology Co., Ltd.* (常州市昇海智能科技有限公司), which was wholly owned by Mr. Zhao Shengyu (趙盛宇), and (iii) approximately 49.55% by CALB Group Co., Ltd. (中創新航科技集團股份有限公司), a company listed on the Stock Exchange (stock code: 3931) with no shareholder holding more than one third of its voting rights. Therefore, Kaibo (Hubei) Private Equity Fund Management Co., Ltd., Xuanming (Hubei) Enterprise Management Consulting Partnership (Limited Partnership), Mr. Zheng Xuyi, Changzhou Shenghai Intelligent Technology Co., Ltd., Mr. Zhao Shengyu and CALB Group Co., Ltd. are deemed to be interested in the Shares held by Kaibo Hongcheng under the SFO.

Save as disclosed above, as of 31 December 2025, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other persons/entities (other than a Director, Supervisor or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Interest of substantial shareholder in non wholly owned subsidiary of the Company

Name of our subsidiary	Substantial shareholder of such subsidiary	Approximate percentage of shareholding (%)
Jiangsu Keguo Yuanchuang Technology Co., Ltd.	Fengchu Energy Holdings (Shenzhen) Co., Ltd.* (鳳儲能源控股(深圳)有限公司) ⁽²⁾	49%
	Ruosheng Technology (Wuxi) Co., Ltd.* (若生科技(無錫)有限公司) ⁽²⁾	49%
	First Energy Storage Limited (第一儲能有限公司) ⁽²⁾	49%
	Mr. Huang Sibao ⁽²⁾	49%

Notes:

1. All the above interests stated are long positions.
2. As at the Latest Practicable Date, Jiangsu Keguo was owned as to 51% by our Company and 49% by Fengchu Energy Holdings (Shenzhen) Co., Ltd.* (鳳儲能源控股(深圳)有限公司). Fengchu Energy Holdings (Shenzhen) Co., Ltd.* was wholly owned by Ruosheng Technology (Wuxi) Co., Ltd.* (若生科技(無錫)有限公司), which was wholly owned by First Energy Storage Limited (第一儲能有限公司), which was in turn wholly owned by Mr. Huang Sibao, who is an Independent Third Party.

DONATIONS

There was no donation made by the Group during the Reporting Period.

SHARE CAPITAL

The Company issued 38,930,800 H Shares at HK\$20.10 per H Share on the Listing Date for the Listing, and subsequently issued 5,839,600 H Shares on 9 January 2026 as a result of the full exercise of the over-allotment option. Details of the share capital of the Company are set out in Note 30 to the Consolidated Financial Statements in this annual report.

DEBENTURE

The Group did not issue any debenture during the Reporting Period.

EQUITY-LINKED AGREEMENTS

No equity-linked agreement was entered into by the Company at any time during or subsisted at the end of the Reporting Period.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Reporting Period.

DISTRIBUTABLE RESERVES

As of 31 December 2025, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB183.2 million.

USE OF PROCEEDS FROM THE LISTING

Details of the Group's use of proceeds from the Listing as at 31 December 2025 are set out in the section headed "Management Discussion and Analysis – Use of Proceeds from the Listing" in this annual report.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

As at 31 December 2025, there were no treasury shares held by the Company. Save as to the issue of 38,930,800 H Shares at HK\$20.10 per H Share on the Listing Date for the Listing, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) since the Listing Date and up to 31 December 2025.

CORPORATE GOVERNANCE

The Company is committed to maintaining high level of corporate governance practices. Information about principal corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" in this annual report.

REPORT OF THE BOARD

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to our Company and to the best of our Directors' knowledge, information and belief, since the Listing Date and as of the date of this report, our Company has maintained sufficient public float as required under the Listing Rules. As at 31 December 2025, the Company's public float was approximately 23.47% of its total H Shares in issue, which was above the minimum percentage threshold of 15% applicable to the Company.

Changes in the Share Capital of the Company

	As at Listing Date		Increase/Decrease during the Reporting Period (+, -)			As at 31 December 2025	
	Number	Approximate %	New shares issued	Others	Subtotal	Number	Approximate %
Unlisted Shares	123,022,235	24.03	-	-	-	123,022,235	24.03
H shares	388,849,740	75.97	-	-	-	388,849,740	75.97
Total	511,871,975	100.00	-	-	-	511,871,975	100.00

Shareholdings of the top 5 holders of tradeable H Shares

Name of holders	Increase/Decrease during period from the Listing Date to end of Reporting Period	Number of shares held as at the end of the Reporting Period	Percentage as at the end of the Reporting Period	
			In total share capital (Approximate %)	In relevant class of shares (Approximate %)
China Securities Depository and Clearing Corporation Limited	-	349,918,940	67.59	89.99
Livermore Holdings Limited	-244,700	18,554,400	3.58	4.77
Yellow River Securities Ltd	-36,100	8,387,600	1.62	2.15
SPDB International Securities Ltd	-	2,856,600	0.55	0.73
Yuen Meta (International) Securities Ltd	-3,500	2,241,000	0.43	0.57

Note: Please refer to the section headed "Report of the Board – Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares" for the respective numbers of Unlisted Shares and H Shares in which persons are deemed to have interests pursuant to Part XV of the SFO.

TAX RELIEF AND EXEMPTION

During the Reporting Period, the Directors are not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the securities of the Company.

PRE-EMPTIVE RIGHTS

There is no arrangement for pre-emptive rights in accordance with the PRC laws and the Articles of Association, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as to the issue of 5,839,600 new H Shares by the Company in connection with the full exercise of the over-allotment option, the details of which are disclosed in the Company's announcement dated 9 January 2026, there were no significant events occurred subsequent to 31 December 2025 and up to the date of this report.

AUDITOR

Ernst & Young has audited the consolidated financial statements for the year ended 31 December 2025. The resolution on the re-appointment of Ernst & Young as the auditor of the Company will be proposed at the 2025 AGM for approval. There has been no change of auditors of the Company since the Listing Date up to the date of this annual report.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

As of the date of this annual report, save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

On Behalf of the Board
GUOXIA TECHNOLOGY CO., LTD.
果下科技股份有限公司
Mr. FENG Lizheng
Chairman and Director

Hong Kong, 12 April 2026

REPORT OF THE BOARD OF SUPERVISORS

OUR SUPERVISORS

In accordance with the provisions of the Articles of Association, the Board of Supervisors comprises three members, consisting of one employee representative supervisor and two supervisors appointed by the Board of Directors. The functions and duties of the Board of Supervisors include supervising the daily operations and management of the Company in accordance with the Articles of Association and all applicable laws and regulations.

As of the date of this report, the Board of Supervisors of the Company is composed as follows:

Name	Position(s)
Ms. Sun Beibei (孫蓓蓓)	Chairman of the Board of Supervisors
Mr. Qian Zenglei (錢增磊)	Supervisor
Ms. Hu Yifang (胡一芳)	Employee representative Supervisor

CHANGES IN THE BOARD OF SUPERVISORS

The Board of Supervisors remained unchanged during the year ended 31 December 2025.

PRINCIPAL WORK OF THE BOARD OF SUPERVISORS IN 2025

During the year ended 31 December 2025, the members of the Board of Supervisors, in strict accordance with the relevant provisions of the *Company Law of the People's Republic of China* (中華人民共和國公司法), the *Securities Law of the People's Republic of China* (中華人民共和國證券法), the *Articles of Association*, and the Listing Rules, proceeded from the perspective of safeguarding the interests of the shareholders and the Company. They performed their duties with diligence, conducted lawful, timely, and effective supervision over the business activities of the Company, and effectively safeguarded the rights and interests of the shareholders and the interests of the Company.

During 2025, the Board of Supervisors held a total of 4 meetings. Prior to attending the meetings, the supervisors carefully reviewed the meeting materials and fully studied and discussed the proposals, actively fulfilling their duties as supervisors. The attendance of the supervisors at the meetings of the Board of Supervisors held in 2025 is set out below:

Name	Number of Meetings Attended in Person	Number of Meetings by Proxy	Number of Meetings Absent
Ms. Sun Beibei (孫蓓蓓)	4/4	N/A	N/A
Mr. Qian Zenglei (錢增磊)	4/4	N/A	N/A
Ms. Hu Yifang (胡一芳)	4/4	N/A	N/A

REPORT OF THE BOARD OF SUPERVISORS

During the reporting period, the Board of Supervisors, in strict accordance with the powers conferred by *the Company Law of the People's Republic of China* and the *Articles of Association*, and with a sense of responsibility to all shareholders, lawfully conducted comprehensive supervision and inspection of the Company's business operations, financial status, and internal control system.

In terms of corporate governance and internal control, the Board of Supervisors actively supervised and guided the Company in establishing and improving various rules and regulations, promoting the construction of a relatively comprehensive internal control system. Through continuous tracking of the implementation and optimization of these systems, the Board effectively identified and mitigated various risks in the business process, ensuring the compliance and stability of the Company's operations.

Regarding financial supervision, the Board of Supervisors conducted a strict review of the implementation of the Company's financial management system and carefully deliberated on the periodic financial reports. The Board is of the opinion that: the Company's financial reports truly, accurately, and completely reflect the Company's financial position and operating results; and the audit opinion issued by the accounting firm engaged by the Company is objective, impartial, and in compliance with relevant laws and regulations.

The Board of Supervisors has supervised the performance of duties by the Company's directors and senior management. The Board is of the opinion that the directors, the President, and other senior management personnel have adhered to the principles of diligence and integrity, fulfilled their duties with dedication, and exercised the powers conferred by shareholders in a responsible manner. As of the date of publication of this report, the directors, the President, and other senior management have strictly carried out their work in accordance with laws, regulations, the Company's Articles of Association, and various provisions, ensuring the standardized operation of the Company. No abuse of power or acts detrimental to the interests of the Company's shareholders and the legitimate rights and interests of employees were found.

The Board of Supervisors expresses satisfaction with the management work and the outstanding business performance achieved by the Board of Directors and management in 2025, and is full of confidence in the Company's future development prospects.

Chairman of the Board of Supervisors

Sun Beibei

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

The Company is committed to maintaining and promoting high standards of corporate governance, which is essential to the Group's development and protection of the interests of its Shareholders.

The Group is fully aware of the importance of the Board in providing targeted guidance for the Group's business and ensuring the operational transparency and accountability system. The Board fully understands that good corporate governance is key to leading the Group to success and enhancing Shareholders' value. Therefore, the Board has elaborated a series of corporate governance policies and systems with the aim of fully protecting Shareholders' interests and continuously enhancing corporate value. At the same time, all Directors shall adhere to the principle of impartiality, lead by example and actively promote and practice the corporate culture to jointly facilitate the steady development of the Group.

The Company has adopted the relevant code provisions of the Corporate Governance Code as the basis for its corporate governance practices. The Board is of the view that the Company has complied with all applicable code provisions set out in the Corporate Governance Code during the Reporting Period.

THE BOARD

The Board is the core decision-making organization of the Company and assumes the responsibilities for the leadership and control of the Group, and supervising and approval of financial performance, strategic development objectives and major business decisions. Meanwhile, the Board has delegated to the management the responsibilities for the Group's daily operations and business management according to the Board's instructions.

1. Board Composition

The composition of the Board since the Listing Date and up to the date of this report is as follows:

	Date of Appointment	Current Period of Appointment
Executive Directors		
Mr. Feng Lizheng (<i>Chairman</i>)	4 January 2019	3 years
Mr. Zhang Xi	25 February 2025	3 years
Mr. Liu Ziyue	25 February 2025	3 years
Dr. Bai Yang	25 February 2025	3 years
Mr. Zhu Shuaishuai	25 February 2025	3 years
Mr. Wang Zhenlin	18 April 2025	3 years
Independent non-executive Directors		
Mr. Qian Kaiming	Listing Date	3 years
Dr. Jiang Wei	Listing Date	3 years
Ms. Jiang Xingnan	Listing Date	3 years

CORPORATE GOVERNANCE REPORT

Biographies of the Directors are set out in the section headed “Directors, Supervisors and Senior Management” of this annual report. To the best of the Directors’ knowledge, there is no other relationships (including financial, business, family or other material/relevant relationship(s)) between any member of the Board and other directors and senior management.

Each of the executive Directors and independent non-executive Directors has entered into a service contract or an appointment letter with the Company for a term of three years.

The H Shares were listed on the Main Board of the Stock Exchange on the Listing Date, from which date the Corporate Governance Code commenced. Each of the Directors has confirmed that he/she obtained the legal advice in April 2025 with regards to the requirements under the Listing Rules that are applicable to him/her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange as set out in Rule 3.09D of the Listing Rules and he/she understood his/her obligations as a director of a listed issuer.

2. Appointment of the Directors

Pursuant to code provision B.2.2 of the Corporate Governance Code, every Director, including those appointed for a specific term, shall be subject to retirement at least once every three years. The term of office of each Director shall be three years. Their re-election shall be subject to the provisions of the Articles of Association.

3. Independent Non-executive Directors

The Company has complied with Rule 3.10 and Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise since the Listing Date and up to 31 December 2025.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

4. Board Independence Evaluation

The combination of executive Directors and independent non-executive Directors in the Board is balanced, so that the Board of Directors maintains independence and can make effective independent judgments.

CORPORATE GOVERNANCE REPORT

Meanwhile, to ensure the fairness and transparency of decision-making of the Board, when there is a Director who is connected to companies involved in a resolution of the Board meeting and has a material interest in a resolution or there are other abstention circumstances stipulated by laws, such Director shall take the initiative to abstain from voting on the resolution and shall not exercise the voting rights on behalf of other Directors. When calculating the quorum of Directors present at the meeting, such Director shall not be counted. The fairness and legality of resolution is so guaranteed. Implementation of such measures may help to maintain the authority and credibility of the Board and promote the healthy development of the Group.

5. Chairman and Chief Executive

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Feng Lizheng is the Chairman of the Board, and is responsible for overseeing the Group's strategic planning and regulating its implementation, representing our Group in external affairs and communication. Mr. Zhang Xi is the general manager and Chief Executive Officer of the Company, and is responsible for Overseeing daily operations of the Company, formulating development strategies, and representing the Company in business activities.

6. Role of the Board and the Management

The Board is the core decision-making organization of the Company and assumes the responsibilities for the leadership and control of the Group, and supervising and approval of financial performance, strategic development objectives and major business decisions. Meanwhile, the Board has delegated to the management the responsibilities for the Group's daily operations and business management according to the Board's instructions. The Board has established three special committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, and has delegated to the Board Committees various duties to improve governance efficiency. All the Board Committees perform their distinct roles in accordance with their respective terms of reference and jointly facilitate the steady development of the Group.

The Board reserves for its decision of all major matters relating to approval and supervision of corporate governance and policy matters, planning of overall strategies and budgets, establishment and improvement of internal control systems, approval of major transactions involving potential conflicts of interest, review and analysis of financial data, appointment of Directors and other material financial and operational decisions. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Group are delegated to the management.

CORPORATE GOVERNANCE REPORT

7. Independent View from Directors

To ensure independent views and input from any Director are available to the Board, the following mechanisms implemented in the corporate governance framework of the Company has been reviewed by the Board:

Proceedings of the Board

The dates of the regular Board and Board Committee meetings of the Reporting Period were determined in the fourth quarter of the previous year. At least 14 days' formal notice of regular Board and Board Committee meetings was given to all Directors, and all Directors were invited to include matters for discussion in the agenda. Directors were provided with the meeting agenda and the relevant board papers containing complete, adequate and timely information at least three business days in advance of every regular Board and Board Committee meeting, which enables full deliberation on the issues to be considered at the respective meetings.

Board decision making

During the Board and Board Committee meetings, all Directors were encouraged to freely express their independent views and inputs in an open and candid manner, provide open and objective challenges, offer informed insight and responses to the management, and contribute their knowledge of the businesses and markets in which the Group operates. Independent non-executive Directors may express their views through formal or informal channels in an open and candid manner as well as in a confidential manner. Comments and concerns raised by the Directors were closely followed up by the management.

In addition to regular Board meetings, the Chairman scheduled an annual meeting with the independent non-executive Directors without the presence of other Directors to discuss the affairs of the Group.

The joint company secretaries of the Company prepared minutes of meetings of the Board and Board Committees to record not only the decisions reached but also any concerns raised or dissenting views expressed by Directors. The draft version of the minutes is circulated to all Directors for their comments and confirmations.

The final versions were provided to the Directors for records. Minutes of all Board and Board Committee meetings are available for Directors' inspection.

CORPORATE GOVERNANCE REPORT

Supply of and access to information

Directors were provided with monthly reports covering highlights of the Group's major businesses, keeping them abreast of the Group's business performance and enabling them to make informed decisions in the best interests of the Company and its Shareholders. More thorough and comprehensive management and financial updates were provided to all Board members on a quarterly basis to ensure each member was aware of the Group's financial performance and position.

The Board met the management on a quarterly basis, reporting the Group's business performance, risk management, internal controls, and legal and compliance matters.

Directors also had access to the advice and services of the joint company secretaries of the Company who supported the Board, ensured proper information flow within the Board, and Board policies and procedures were followed.

To facilitate the proper discharge of Directors' duties and responsibilities, all Directors were entitled to seek advice from the joint company secretaries of the Company or inhouse legal team, as well as from independent professional advisers, at the expense of the Company, in which the joint company secretaries of the Company were responsible for making all necessary arrangements.

As such, the Board considered the Company has established the mechanism to ensure independent views and input are available to the Board, and the implementation and effectiveness of the mechanism is effective throughout the year.

The implementation and effectiveness of the above mechanism shall be reviewed by the Board on an annual basis.

8. Continuous Professional Development

Directors should participate in appropriate continuing professional development to develop and refresh their knowledge and skills, which shall cover the following topics:

- (a) the roles, functions and responsibilities of the Board, its committees and its Directors, and Board effectiveness;
- (b) the Company's obligations and the Directors' duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments (including Listing Rule updates) relevant to the discharge of such obligations and duties;

CORPORATE GOVERNANCE REPORT

- (c) corporate governance and ESG matters (including developments on sustainability or climate-related risks and opportunities relevant to the Group and its business);
- (d) risk management and internal controls; and
- (e) updates on industry-specific developments, business trends and strategies relevant to the Group.

The Group will organize seminars regularly to provide Directors with the latest development and changes of Listing Rules and other relevant laws and regulations in a timely manner.

9. Board Performance Evaluation

No evaluation of the Board's performance has been conducted during the period from the Listing Date to 31 December 2025. It is currently expected the next Board performance review will be conducted after the financial year ending 31 December 2026.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs.

1. Audit Committee

The Group has established the Audit Committee pursuant to Rule 3.21 of the Listing Rules with written terms of reference in compliance with paragraph D.3 of Part 2 of the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise our financial reporting process and internal control system of our Group, risk management and internal audit, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board.

The Audit Committee consists of three members, namely Mr. Qian Kaiming, Ms. Jiang Xingnan and Dr. Jiang Wei (being all of the independent non-executive Directors). The chairperson of the Audit Committee is Mr. Qian Kaiming, who is an independent non-executive Director with the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The Company was listed on the Main Board of the Stock Exchange on 16 December 2025, and thereafter, no meeting has been held by the Audit Committee during the Reporting Period.

CORPORATE GOVERNANCE REPORT

2. Remuneration Committee

The Group has established the Remuneration Committee pursuant to Rule 3.25 of the Listing Rules with written terms of reference in compliance with paragraph E.1 of Part 2 of the Corporate Governance Code. The primary duties of the Remuneration Committee are to (i) establish, review and provide advice to the Board on the policies concerning remuneration of Directors and senior management officers and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, (ii) determine the terms of the specific remuneration package of each executive Director and senior management; (iii) review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time; and (iv) review and approve matters relating to share schemes under Chapter 17 of the Listing Rules.

The Remuneration Committee consists of three members, namely Dr. Jiang Wei (independent non-executive Director), Mr. Feng Lizheng (executive Director) and Mr. Qian Kaiming (independent non-executive Director). The chairperson of the Remuneration Committee is Dr. Jiang Wei.

The Company was listed on the Main Board of the Stock Exchange on 16 December 2025, and thereafter, no meeting has been held by the Remuneration Committee during the Reporting Period.

3. Nomination Committee

The Group has established the Nomination Committee pursuant to Rule 3.27A of the Listing Rules with written terms of reference in compliance with paragraph B.3 of Part 2 of the Corporate Governance Code. The primary duties of the Nomination Committee are to (i) review the structure, size and composition of the Board on a regular basis and make recommendations regarding any proposed changes to the composition of the Board, (ii) identify, select or make recommendations to the Board on the selection of individuals nominated for directorship, and ensure the diversity of the Board, and (iii) assess the independence of our independent non-executive Directors and make recommendations on matters relating to the appointment, reappointment and removal of the Directors and succession planning.

The Nomination Committee consists of three members, namely Ms. Jiang Xingnan (independent non-executive Director), Mr. Zhang Xi (executive Director) and Mr. Qian Kaiming (independent non-executive Director). The chairman of the Nomination Committee is Ms. Jiang Xingnan.

The Company was listed on the Main Board of the Stock Exchange on 16 December 2025, and thereafter, no meeting has been held by the Nomination Committee during the Reporting Period.

CORPORATE GOVERNANCE REPORT

Nomination Policy

The Company has also adopted the director nomination policy (the “Director Nomination Policy”).

The Director Nomination Policy sets out the nomination criteria of a proposed candidate, including without limitation to the following: (i) qualifications including professional qualifications, skills, knowledge and experience, requirements of INED; (ii) character and integrity; (iii) diversity in all aspects, including without limitation to gender, age, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience, length of service; (iv) commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company; (v) independence of the proposed INEDs in accordance with the Listing Rules; and (vi) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

The Director Nomination Policy also sets out the following nomination procedure:

- (a) If the Nomination Committee determines that an additional or replacement Director is required, the secretary of the Nomination Committee shall convene a meeting, and invite nominations from the Board members (if any) prior to the meeting, and the Nomination Committee may also put forward candidates who are not nominated by the Board members. The Nomination Committee shall take such measures that it considers appropriate in connection with its identification and/or evaluation of a candidate.
- (b) In the context of appointment of any proposed candidate to the Board, the Nomination Committee shall submit the candidate’s personal profile and a proposal to the Board for its consideration. In order to be a valid proposal, the proposal must clearly indicate the nominating intention and the candidate’s consent to be nominated and the personal profile must incorporate and/or be accompanied by the full particulars of the candidate that are required to be disclosed under the Listing Rules, including the information and/or confirmation required under Rule 13.51(2) of the Listing Rules. If the candidate is proposed to be appointed as an INED, his or her independence shall be assessed in accordance with the factors set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time.
- (c) In the context of re-appointment of any existing member(s) of the Board, the Nomination Committee shall make recommendations to the Board for its consideration and recommendation, for the proposed candidates to stand for re-election at a general meeting.

CORPORATE GOVERNANCE REPORT

Board Skills Matrix

Name of Director	Position	Specialized Skills				Industry experience
		Research and Higher Education	Investment	Management	Financial	
Feng Lizheng	Chairman of our Board and Executive Director					✓
Zhang Xi	Executive Director, Chief Executive Officer and General Manager					✓
Liu Ziye	Executive Director, Executive President and Chief Culture Officer					✓
Bai Yang	Executive Director, Co-Executive President, General Manager of Product Division, and Chief Engineer					✓
Zhu Shuaishuai	Executive Director, Senior Vice President					✓
Wang Zhenlin	Executive Director, Vice President and Chief Financial Officer			✓	✓	
Qian Kaiming	Independent Non-executive Director			✓	✓	
Jiang Xingnan	Independent Non-executive Director		✓	✓		
Jiang Wei	Independent Non-executive Director	✓				

GENERAL MEETINGS, BOARD MEETINGS AND BOARD COMMITTEES' MEETINGS

1. Board Meetings

Regular Board meetings should be held at least four times a year involving active participation of the Directors, either in person or through electronic means of communication. During the Reporting Period, the Board convened 8 meetings.

CORPORATE GOVERNANCE REPORT

2. Attendance records of Directors

The attendance record of each Director at general meetings, Board meetings and meetings of Board Committees held during the period from the Listing Date to 31 December 2025 is set out in the table below.

Name of Director	Number of attendance/Number of meetings held				
	General meetings	Board	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors					
Mr. Feng Lizheng	0/0	8/8	-	0/0	-
Mr. Zhang Xi	0/0	8/8	-	-	0/0
Mr. Liu Ziyi	0/0	8/8	-	-	-
Dr. Bai Yang	0/0	8/8	-	-	-
Mr. Zhu Shuaishuai	0/0	8/8	-	-	-
Mr. Wang Zhenlin	0/0	8/8	-	-	-
Independent non-executive Directors					
Mr. Qian Kaiming	0/0	8/8	0/0	0/0	0/0
Dr. Jiang Wei	0/0	8/8	0/0	0/0	-
Ms. Jiang Xingnan	0/0	8/8	0/0	-	0/0

Note: The Company was listed on the Main Board of the Stock Exchange on 16 December 2025, and therefore, the Audit Committee, the Remuneration Committee, and the Nomination Committee did not hold any meeting during the Reporting Period.

The Corporate Governance Code requires that the chairman should at least annually hold one meeting with the independent non-executive directors without the presence of other directors. The Chairman held one separate meeting with the independent non-executive Directors during the Reporting Period.

CORPORATE GOVERNANCE REPORT

DIVERSITY

1. Board Diversity

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talent, skills, gender, age, cultural and education background, ethnicity, professional experience, independence, knowledge and length of service. Potential Board candidates will be selected based on merit and his/her potential contribution to the Board while taking into consideration the Group's own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

The Directors have a balanced mix of knowledge, skills and experience, including property management, business management, auditing, finance and investment. They obtained degrees in various majors, including property management, auditing, business management, engineering, electric power system and automation, industrial electrical automation and operations and management science. The Board consists of three independent non-executive Directors who have different industry backgrounds, representing over one-third of the Board members. With regard to gender diversity of the Board, we recognize the particular importance of gender diversity. The Board currently comprises one female Director and eight male Directors. We have taken and will continue to take steps to promote and enhance gender diversity at all levels. The board diversity policy provides that the Board should aim to increase the proportion of female members over time after the Listing where possible when selecting and making recommendations on suitable candidates for Board appointments. We will also ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to the Board going forward. It is our objective to maintain an appropriate balance of gender diversity with reference to the expectation of stakeholders and international and local recommended best practices. Taking into account our existing business model and specific needs as well as the different background of the Directors, the Directors consider that the composition of the Board satisfies the board diversity policy.

The Nomination Committee is responsible for ensuring the diversity of the Board members and will review the board diversity policy from time to time to ensure its continued effectiveness.

CORPORATE GOVERNANCE REPORT

2. Employee Diversity

The Group encourages gender diversity across its workplace. We maintain a 2.3:1.0 and 6.0:1.0 ratio of males to females in the workforce and the senior management respectively as at 31 December 2025. The Group will continue to maintain the gender diversity in workforce.

The Group belongs to the renewable energy solutions and energy storage R&D and manufacture industry, and due to industry characteristics, the proportion of male employees is relatively higher. However, the Group implements the principle of equal employment, respects and treats employees of different genders fairly, and provides equal opportunities for employees in terms of recruitment, training and development, job promotion and salary and benefits. We will continue to strive to improve the representation of women and to achieve the right balance of gender diversity, taking into account the expectations of our Shareholders and the recommended best practices. As such, the Board has not specified any quotas or similar measurable objectives for achieving gender diversity, rather the focus is on identifying the right person for the right role whilst taking into account diversity in a range of areas, including gender.

The Company aims to maintain an appropriate balance of diverse perspectives that are relevant to the Group's business growth. The Group is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered. The Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption. In particular, the Nomination Committee will identify and make recommendations to the Board to implement programs that will assist in the development of a broader and more diverse pool of skilled and experienced employees that, in time, will prepare them for Board positions.

3. Employee Remuneration Policy

The Group believes that the expertise, experience and professional development of its employees (including the Directors) contributes to its growth. The Group proactively recruits skilled and qualified personnel with relevant working experience to support the sustainable growth of business.

The remuneration package of employees of the Group (including the Directors) includes salary and bonus, which are generally based on their qualifications, industry experience, position and performance. In addition, the Group provides training programs regularly and across management levels, in compatible with practical needs, covering key areas in its business operations, including but not limited to corporate culture and policies, technical knowledge required for certain positions, leadership skills and general knowledge about the nature of the Group's services.

CORPORATE GOVERNANCE REPORT

As of 31 December 2025, save for the pre-IPO employee stock ownership plans adopted by the Group in December 2022 and June 2024 respectively under which 10,051,000 Unlisted Shares and 56,954,000 H Shares, 5,062,000 Unlisted Shares and 28,688,000 H Shares, and 229,000 Unlisted Shares and 1,301,000 H Shares were issued and granted to certain eligible employees and senior managements of the Group through Wuxi Luanhua (as senior management shareholding platform), Wuxi Xiyun (as core employee incentive shareholding platform) and Wuxi Jiqing (as employee shareholding platform) respectively, there was no other share option or award schemes adopted by the Company.

CORPORATE GOVERNANCE FUNCTIONS

Pursuant to code provision A.2.1 of the Corporate Governance Code, the Board is responsible for performing corporate governance duties, including:

- develop and review the Group'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 Group's compliance with legal and regulatory requirements;
- develop, 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 Corporate Governance Code and disclosure in the Corporate Governance Report.

During the Reporting Period, the Board has performed the above duties.

The Group had provided Directors with trainings, development programs and/or updates regarding the legal and regulatory requirements applicable to the business operations of the Group. For further details, please refer to paragraph headed "Continuous Professional Development" above.

JOINT COMPANY SECRETARIES

Mr. Wang Zhenlin ("**Mr. Wang**") and Ms. Leung Hoi Yan ("**Ms. Leung**") currently serve as the joint company secretaries of the Company. Ms. Leung is an assistant manager, Entity Solutions of Computershare Hong Kong Investor Services Limited and is responsible for provision of corporate secretarial and compliance services to listed company clients.

CORPORATE GOVERNANCE REPORT

All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices and matters.

Mr. Wang, an executive Director and Joint Company Secretary, has been designated as the primary contact person at the Company who would work and communicate with Ms. Leung on the Company's corporate governance and secretarial and administrative matters.

Each of Mr. Wang and Ms. Leung has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules for the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding dealings in the securities of the Company by the Directors, the Supervisors and the Group's employees who, because of his/her office or employment, are likely to possess inside information. Specific enquiries have been made by the Company to all the Directors and Supervisors, and all of the Directors and Supervisors have confirmed that they have complied with the Model Code during the period from the Listing Date to 31 December 2025. No incident of non-compliance of the Model Code by the employees was identified by the Company during the period from the Listing Date to 31 December 2025.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Group's internal control system is designed to safeguard assets against misappropriation and unauthorized disposition through implementation of a set of internal control procedures. Internal control procedures are intended to manage significant risks in the Group's business activities and bring them to an acceptable level, but not eliminating the risks of failure to achieve business objectives. Moreover, it can only provide reasonable, and not absolute, assurance against material misstatement or loss.

1. Board of Directors' Responsibilities

The Board recognises its responsibility for the risk management and internal control systems and reviewing their adequacy and effectiveness. The Board conducts annual review of the Group's internal controls covering major financial, operational and compliance controls, as well as risk management functions.

The Audit Committee assists the Board in leading the review of the Group's financial supervision and control, risk management and internal control systems. Such review is formally conducted at each Audit Committee meeting, which includes an annual review of the effectiveness of the risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

2. Risk Management Process

The risk management process is cascaded throughout the Group, from the Board level to management level.

Senior management and department heads are required to identify, evaluate and manage risks associated with business operations on an on-going basis with defined parameters, and record these in the risk registers. For each risk identified, management assesses their root causes, consequences and mitigating controls. Such assessment takes into account of the (i) probability of risk occurrence and (ii) degree of potential loss. The result of the assessment is summarised on a risk register and is reviewed by the Board. It is mandatory for this process to be conducted at least once a year.

3. Confirmation from the Board and the Audit Committee on the Group's Risk Management and Internal Control

The Board and the Audit Committee have conducted a review on and are satisfied with the adequacy and effectiveness of the Group's risk management and internal control system for the Reporting Period including financial, operational and compliance controls. The review covers, among others, the nature and extent of significant risks (including ESG risks) and the scope and quality of management's ongoing monitoring of risks (including ESG risks).

From the review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group. During the Reporting Period, the Board was not aware of any material defect in internal control of the Group. The Board considers that the Group's risk management and internal control systems are appropriate, effective and adequate.

The Group will continue to strengthen its internal control system in order to maintain proper corporate governance and safeguard the interest of its shareholders.

Internal Audit

During the Reporting Period, in accordance with the internal audit work system (內部審計工作制度) which officially took effect after the Listing, and combining the requirements of state-owned assets supervision and superior management, the Group formulated the internal audit management measures (內部審計管理辦法) as a detailed supplementary system to the internal audit work system. The measures clarify the audit management organization and the responsibilities and authorities of relevant departments, and conduct independent and objective supervision, evaluation, and recommendations on financial revenues and expenditures, economic activities, internal controls, risk management, and other aspects related to the Group's internal business operations, so as to promote the Group's governance improvement, operational efficiency enhancement, and achievement of business objectives.

CORPORATE GOVERNANCE REPORT

The audit focuses on key areas and critical links in daily operations, including but not limited to corporate governance, asset preservation and appreciation, internal controls, bidding management, and outsourcing management.

To address potential integrity risks in audit work, the measures stipulate that during audits, the audit work and reporting hotline must be publicized. Audit teams must commit to abiding by work discipline, and audited units must commit to the truthfulness and completeness of the information provided. Third-party audit institutions may be introduced as appropriate, and interested parties should recuse themselves.

To address audit quality control risks, key business processes (such as bidding, procurement, and contract management) are prioritized during audits to ensure audit quality. Clues discovered during audits are promptly transferred to discipline inspection and other relevant departments.

Annually, based on feedback from internal audit work, the Group assess the scientificity and rationality of the system and formulate revision plans. We also conduct routine management review activities to evaluate the suitability, sufficiency, and effectiveness of the current system, identifying and filling gaps in existing systems.

Whistleblowing and Anti-corruption Policy

To combat fraudulent activities and corruption, we have adopted and implemented the “Employee Anti-Fraud and Whistleblowing Management System” and “Whistleblowing Management Process”, which stipulate, among other things, that:

- all of the Directors, Supervisors, management and employees of the Group are strictly prohibited from accepting or offering bribes, rebates or kickbacks and any other kind of bribery, abuse of power or corruption acts;
- anti-bribery policies and procedures are incorporated in the employees' handbook;
- all employees committing fraudulent acts would receive disciplinary actions as advised by the office of discipline inspection of the Group according to the relevant regulations and be reported to the judicial authority as appropriate; and
- the Group has established a whistle-blower program and designated a hotline and an email address for whistle-blowers to provide named or anonymous tips regarding fraudulent activities and corruption.

CORPORATE GOVERNANCE REPORT

Procedures for Handling and Dissemination of Inside Information

The Group maintains a policy on disclosure of inside information with reference to the Listing Rules, the SFO, the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission of Hong Kong and other applicable laws and regulations. The policy sets out procedures and internal controls for handling and disseminating inside information in an appropriate and timely manner, such as taking steps to determine sufficient details, conducting internal assessment of the matter and its possible impact on the Company, seeking professional advice when required and verifying the facts. Anyone in possession of the information must ensure such information is kept in strict confidentiality and is not allowed to buy or sell any securities of the Company until the information is fully disclosed to the public.

AUDITORS' REMUNERATION

Remuneration paid and payable to the external auditors of the Company in respect of audit services for the Reporting Period is set out below.

Services provided by the auditor	Amount RMB'000
Audit services	2,400
Non-audit services	–

SHAREHOLDERS' RIGHTS

In order to safeguard the interests and rights of Shareholders, the Company proposes separate resolutions on significant events (including the election of individual director) at general meetings. All resolutions proposed at general meetings will be voted by poll pursuant to the Listing Rules, and the poll results will be published on the websites of the Company and the Stock Exchange upon the conclusion of each general meeting.

Convening of general meetings

Pursuant to the Articles of Association, the general meetings are generally convened by the Board.

Independent non-executive Directors shall be entitled to propose to the Board to convene an extraordinary general meeting. Regarding the proposal requesting to convene an extraordinary general meeting by the independent non-executive Directors, the Board shall, in accordance with laws, administrative regulations and the Articles of Association, inform in writing whether it agrees or disagrees to convene an extraordinary general meeting within ten days upon receipt of the proposal.

CORPORATE GOVERNANCE REPORT

The Supervisory Committee shall be entitled to propose to the Board to convene an extraordinary general meeting, and shall put forward its proposal to the Board in writing. The Board shall, in accordance with laws, administrative regulations, departmental rules, the Listing Rules and the Articles of Association, give a written reply on whether it agrees or disagrees to convene an extraordinary general meeting within ten days upon receipt of the proposal.

Shareholder(s) severally or jointly holding 10% or more of the shares of the Company shall be entitled to request the Board to convene an extraordinary general meeting, and add resolutions to the agenda of the meeting, and shall put forward such request to the Board in writing, stating the topics to be discussed at the meeting. The Board shall, in accordance with laws, administrative regulations and the Articles of Association, give a written reply on whether it agrees or disagrees to convene an extraordinary general meeting within ten days upon receipt of the proposal, without unreasonable delay or obstruction.

Proposals of general meetings

When a general meeting is convened by the Company, the Board, and Shareholder(s) who severally or jointly hold(s) more than three percent of the shares of the Company shall be entitled to make proposals to the general meetings.

Shareholder(s), who severally or jointly hold(s) more than three percent of the shares of the Company, may submit ad hoc proposals in writing to the convener ten days before the convening of the general meeting. The convener shall issue a supplemental notice of the general meeting within two days upon receipt of the proposals and announce the contents of the ad hoc proposals, and place the proposals on the agenda for the general meeting and submit the proposals for consideration at the general meeting if such proposals fall within the scope of duties of general meetings. Except for circumstances provided in the above paragraph, the convener, after issuing the notice of the general meeting, shall neither modify the proposals stated in the notice of general meetings nor add new proposals.

Enquiries to the Board

The Company maintains a website at www.guoxiatech.com, where information on the Group's businesses and projects, key corporate governance policies and announcements, financial reports and other information are available for public access. Shareholders and investors may send written enquiries or requests to the Company by the following ways:

Address: No. 9 Huicheng Road, Changan Sub-district, Huishan District, Wuxi City, Jiangsu Province, PRC

Email: board@guoxiatech.com

CORPORATE GOVERNANCE REPORT

ARTICLES OF ASSOCIATION

The Company has not amended the Articles of Association since the Listing Date and up to 31 December 2025. The latest version of the Articles of Association is available on the Company's website (www.guoxiatech.com) and the website of the Stock Exchange (www.hkexnews.hk).

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy") on payment of dividends, including the proposal of declaration and/or payment of dividend and determination of the dividend amount. The Company currently does not set any pre-determined dividend payout ratio.

Depending on the financial conditions of the Company and the Group and the conditions and factors as set out below, interim and/or special dividends may be proposed and/or declared by the Board in its sole and absolute discretion during a financial year and any final dividends for a financial year will be subject to the shareholders' approval.

In considering the payment of dividends, there shall be a balance between maintaining sufficient capital to grow the Group's business and rewarding the shareholders of the Company. The Board shall take into account the following factors, among other factors:

- (a) the Group's overall results of operation, financial position, liquidity position, capital requirements, cash flow and future prospects;
- (b) the amount of distributable reserves of the Company;
- (c) the expected capital requirements and future expansion plans of the Group;
- (d) the general business and regulatory conditions, the business cycle of the Group and other internal or external factors that may have an impact on the business or financial performance and position of the Group;
- (e) the statutory and regulatory restrictions;
- (f) the contractual restrictions on the payment of dividends by the Company to the Shareholders or by the subsidiaries of the Company to the Company;
- (g) the Shareholders' interests; and
- (h) other factors that the Board deems relevant.

CORPORATE GOVERNANCE REPORT

The dividend decision made by the Board on account of the Reporting Period was made in accordance with the Company's dividend policy.

The Board does not recommend the payment of a final dividend for the Reporting Period, as the Company is only recently listed and the Board considers it appropriate to retain the Group's cash reserve for the Group's operations.

COMMUNICATION WITH THE SHAREHOLDERS AND INVESTOR RELATIONS

The Company believes that effective communication with shareholder is essential to enhance investor relations and to keep investors informed of the Group's business performance and strategies. The Company has established various and a wide range of communication channels with Shareholders, including general meeting, annual results and interim results, annual and interim reports, announcements and circulars and performance conference. To facilitate the communication between the Company and investors, the Company holds meetings, briefings and roadshows with investors and analysts from time to time. Apart from that, the Company invites investors and business stakeholders to visit our management site every now and then, giving them the opportunities to meet with the local management and visit our facilities. Shareholders may make enquires with the Company through channels mentioned above, and provide comments and recommendations to the Directors or managements at any time. Upon receipt of written enquiries from Shareholders, the Company will make actual responses to the Shareholders as soon as possible.

In addition, the Company updates its website from time to time to keep the Shareholders updated of the recent development of the Company. The Company endeavors to maintain an ongoing dialogue with shareholders. At the annual general meeting, the Directors (or their delegates as appropriate) will be available to meet with the Shareholders and answer their enquiries. Having considered the multiple channels of communication in place as described above, the Company considers the implementation of the Shareholders' communication policy during the Reporting Period was effective.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2025.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the independent auditor's report on pages 75 to 79 of this annual report.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As of the date of this report, the information of the directors, supervisors and senior management of the Company is as follows:

DIRECTORS

Executive Directors

Mr. Feng Lizheng (馮立正), aged 36, is the chairman of our Board and an executive Director, primarily responsible for overseeing strategic planning and regulating its implementation, representing our Group in external affairs and communication. Mr. Feng founded our Company in January 2019 and has served as the chairman of our Board and a Director since then. He was re-designated as an executive Director on April 18, 2025. Additionally, Mr. Feng is a director of Jiangsu Yunchu, a wholly-owned subsidiary of our company. Mr. Feng is one of our Controlling Shareholders, see the section “Report of the Board – Directors’ and chief executive’s interest and short position in the Shares, underlying Shares and debentures of the Company and its associated corporation” of this annual report for further details of his interests for the purpose of Part XV of the SFO.

Mr. Feng has over 12 years of experience in the energy industry. From July 2012 to March 2016, Mr. Feng was a secretary to the chairman at Wuxi Special Still Material Co., Ltd. (無錫市特鋼材料有限公司), a company mainly focusing on the sale of alloy pipes and pipe solutions in both traditional industries such as petrochemicals, electric power, alumina, boilers, etc., as well as emerging fields such as nuclear power, military, gas and energy storage, where he was primarily responsible for supporting the chairman’s daily work, coordinating tasks, and assisting in decision-making process. From January 2017 to December 2018, Mr. Feng was an investment and financing director at Shenzhen OptimumNano Energy Co., Ltd.* (深圳市沃特瑪電池有限公司), a subsidiary of Baoli New Energy Technology Co., Ltd* (保力新能源科技股份有限公司), formerly known as Shaanxi J&R Optimum Energy Co., Ltd* (陝西堅瑞沃能股份有限公司), whose shares were listed on the Shenzhen Stock Exchange (stock code: 300116) and were delisted on July 5, 2024 and which was mainly engaged in the research, production, and sales of lithium iron phosphate power batteries, as well as providing power battery solutions for new energy vehicles and energy storage systems, where his primary responsibilities included participating in investment and financing decision-making, and supervising the execution of investment and financing projects.

Mr. Feng obtained his bachelor’s degree in mechanical engineering and automation (機械工程及自動化) from Jiangnan University (江南大學) in June 2012. He completed the executive development program study at Peking University HSBC Business School (北京大學滙豐商學院) in July 2019.

Mr. Feng was appointed as the deputy president by the Wuxi Chamber of Commerce in Shenzhen* (深圳市無錫商會) in December 2023.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhang Xi (張晰), aged 37, is an executive Director and general manager of our Company, primarily responsible for overseeing daily operations of our Company, formulating development strategies, and representing our Company in business activities. He joined our Group in December 2022 as a general manager and a director of domestic projects, and subsequently served as the president of our Company since September 2024. Mr. Zhang was appointed as a Director on February 25, 2025, and was re-designated as an executive Director on April 18, 2025. Mr. Zhang is one of our Controlling Shareholders, see the section “Report of the Board – Directors’ and chief executive’s interest and short position in the Shares, underlying Shares and debentures of the Company and its associated corporation” of this annual report for further details of his interests for the purpose of Part XV of the SFO.

Mr. Zhang has over 12 years of experience in energy and manufacturing industry. From March 2012 to March 2014, Mr. Zhang served as the manager of the process quality department at Zhenfa New Energy Co., Ltd. (振發新能源有限公司), a company specializes in the integration of photovoltaic power generation systems, as well as the research and production of photovoltaic application products, where his primary responsibilities included product quality control, production efficiency management, cost management, as well as formulating, updating and optimizing the production standards. From March 2014 to March 2018, Mr. Zhang was a marketing director at Kuangda New Energy Investment Co., Ltd.* (曠達新能源投資有限公司), a company engaged in the investment, development, construction, and management of power projects, where his primary responsibilities included formulating and executing marketing strategies, liaising with clients, and ensuring the Company gained a competitive advantage in a highly competitive market. From March 2018 to November 2018, Mr. Zhang was an executive director and general manager at Shenzhen Hanchu Energy Technology Co., Ltd.* (深圳市漢儲能源科技有限公司) (“Shenzhen Hanchu”), a company focused on the R&D of energy storage technology, system design, integration, and product development, where his primary responsibilities included formulating and implementing corporate strategies and operational plans to achieve the Company’s management and development goals. Shenzhen Hanchu was a start-up company which Mr. Zhang established with his business partners in January 2018, of which Mr. Zhang held 25% equity interest upon its establishment. In April 2018, Shenzhen Hanchu established a subsidiary with the name Jiangsu Hanchu Energy Tech Company Limited* (江蘇漢儲能源科技有限公司). However, as Shenzhen Hanchu lacked funds from its potential investors and its business performance has not met expectation due to the immature industry, Mr. Zhang decided to divest from Shenzhen Hanchu in November 2018 and transferred his equity interests in Shenzhen Hanchu to one of the then equity interest holders of Shenzhen Hanchu at nominal consideration.

Shenzhen Hanchu and its subsidiary were not part of our Group nor its predecessor. Based on the best knowledge and information of Mr. Zhang, (i) Shenzhen Hanchu and its subsidiary, being Jiangsu Hanchu Energy Tech Company Limited* (江蘇漢儲能源科技有限公司), were deregistered in September 2024 and December 2018, respectively; (ii) Shenzhen Hanchu and its subsidiary did not register the words or brands of “Hanchu” (漢儲) since the establishment of Shenzhen Hanchu and prior to their deregistration which were in the same or related trademark classification categories as those registered by the Group; (iii) he is not aware of any past or potential disputes, claims or legal proceedings between Shenzhen Hanchu and our Group for the usage of the words or brands of “Hanchu” (漢儲); (iv) he is not aware of any relationship between the Group and the substantial shareholders, directors, supervisors or senior management of Shenzhen Hanchu or any of their respective associates prior to the deregistration of Shenzhen Hanchu.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the period from June 2019 to August 2021, Mr. Zhang invested in Shanghai Sermatec Energy Technology Co., Ltd.* (上海采日能源科技有限公司), a company specializes in the manufacturing of energy storage products, system integration, and investment and operation of energy storage power stations through a limited partnership. He also served as, among other roles, a deputy general manager of Shanghai Sermatec Energy Technology Co., Ltd, where his primary responsibilities included formulating and implementing corporate strategies and operational plans. From August 2021 to November 2022, Mr. Zhang served as a deputy general manager at Jiangsu Yuanying Technology Co., Ltd.* (江蘇源鷹科技有限公司), a company focused on the research and application of energy storage products, including battery management systems (BMS), standardized energy storage products, and energy storage system solutions, where he was primarily responsible for setting and implementing corporate strategies and business plans to achieve the Company's management and development goals.

Mr. Zhang obtained a bachelor's degree in Process Equipment and Control Engineering. from Jiangnan University (江南大學) in June 2011. He then obtained a master's degree in business administration at Zhejiang University (浙江大學) in June 2022.

Mr. Liu Ziye (劉子葉), aged 38, is an executive Director, Executive President and Chief Culture Officer of our Company, primarily responsible for overseeing daily operations of our Company, leading the management team in accomplishing business goals and growth plans, oversee the formulation of long-term strategic plans for corporate culture development. Mr. Liu founded our Company in January 2019, and served as a general manager. Subsequently, he served as a deputy general manager from December 2022 to September 2024. Mr. Liu subsequently served as the executive president of our Company. He was appointed as a Director on February 25, 2025, and was re-designated as an executive Director on April 18, 2025. In addition, Mr. Liu is an executive director of Jiangsu Keguo, a subsidiary of our company. Mr. Liu is one of our Controlling Shareholders, see the section "Report of the Board – Directors' and chief executive's interest and short position in the Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report for further details of his interests for the purpose of Part XV of the SFO.

Mr. Liu has over 13 years of experience in the energy industry. From October 2010 to September 2011, he was a supplier quality engineer at York (Wuxi) Air Conditioning and Refrigeration Co., Ltd.* (約克(無錫)空調冷凍設備有限公司), a company specializes in the production and design of industrial refrigeration, where his primary responsibilities included the implementation and management of quality control processes. From December 2012 to January 2017, he led, assisted in and participated in multiple entrepreneurial photovoltaic and energy storage development projects within the PRC, including the "30MW photovoltaic project of Guosheng Sunshine in Wenquan County" (溫泉縣國盛陽光30MW光伏項目) and the "30MW photovoltaic project of Guolian Sunshine in Fuyun County" (富蘊國聯陽光30MW光伏項目). From January 2017 to January 2019, Mr. Liu was a deputy general manager and project director at Beijing Yunwai New Energy Technology Co., Ltd.* (北京雲外新能源科技有限責任公司), a company engaging in energy digitalization and smart management, where his primary responsibilities included assisting the general manager in overseeing the Company's daily operations, and optimizing project management processes to enhance overall project effectiveness and efficiency.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Liu was an executive director of Shanghai Guike Technology Co., Ltd.* (上海櫃客科技有限公司), which was established in the PRC, principally engaged in the development of smart devices, new energy technology and energy-saving technology, prior to its deregistration on January 29, 2021. Mr. Liu confirmed that the aforesaid company was solvent and was not involved in any material non-compliance incidents prior to its deregistration.

Mr. Liu obtained a bachelor's degree in process equipment and control from Jiangnan University (江南大學) in June 2011.

Mr. Liu was appointed as an expert of the expert pool of Jiangsu Province Energy Storage Industry Association* (江蘇省儲能行業協會專家庫專家) for a term from August 2023 to August 2026. He was also appointed as a council member of the Advanced National Engineering Research Center of Storage Materials (先進儲能材料國家工程研究中心) for a term from September 2023 to September 2026.

Dr. Bai Yang (白洋), aged 41, is Co-Executive President, General Manager of Product Division, and Chief Engineer of our Company, primarily responsible for overseeing the overall operations of the Group's business units, product R&D, and regulating the technical team's daily work. He joined the Group in May 2023 as Chief Engineer and Technical Director. Since September 2024, he has served as Senior Vice President, General Manager of the Domestic Business Group, and Technical Director, and was promoted to Co-President in April 2026, concurrently serving as General Manager of the Product Business Unit and Chief Engineer. Dr. Bai was appointed as a Director on February 25, 2025, and was re-designated as an executive Director on April 18, 2025. Dr. Bai holds approximately 24.11% of the partnership interests in Wuxi Luanhua, our core employee incentive shareholding platform. See the section "Report of the Board – Substantial Shareholders' interest and short position in the Shares and underlying Shares" of this annual report for further details of Wuxi Luanhua's interests for the purpose of Part XV of the SFO.

Dr. Bai has over 11 years of experience in the energy and manufacturing industry. From November 2013 to July 2016, he was an electric control calibration engineer at BAIC Motor Powertrain Co., Ltd. (北京汽車動力總成有限公司), a company engaged in research, design, and manufacturing of automotive engines and transmission assemblies, where his responsibilities included testing and maintaining the electrical systems of products, collecting performance data, developing new product plans, and installing and testing motor controllers. From July 2016 to September 2018, Dr. Bai was a chief engineer at Shanghai Yushuo Energy Technology Co., Ltd. (上海譽碩能源科技有限公司), a company focused on the development and investment in new energy power stations, innovation in energy storage technology, and smart energy solutions utilizing big data and IoT technology for real-time equipment monitoring and precise diagnostics, where his primary responsibility included company's technical planning, team management, and project execution. From October 2018 to September 2021, Dr. Bai was the chief engineer and deputy general manager at Jiangsu Baohang Energy Technology Co., Ltd.* (江蘇寶航能源技術有限公司), a company engaged in the research, manufacturing, sales, installation, and debugging of energy storage converter systems and battery management systems, where his responsibilities included leading technical innovation and R&D, ensuring product quality and the implementation of technical standards, and assisting the general manager in managing the Company's daily operations and strategic planning. From October 2021 to April 2023, Dr. Bai served as the director of energy storage projects at Sinochem International Corporation (中化國際(控股)股份有限公司), a company engaged in research, production, and sales of fine chemicals, including new chemical materials and agricultural chemicals, where his primary responsibilities included oversees project planning, execution, and resource coordination to ensure timely delivery, technical compliance, and alignment with business objectives.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Dr. Bai obtained a bachelor's degree in electrical engineering and automation from Yanshan University (燕山大學) in July 2006. He then received a master's degree in automotive and motorsports engineering and a doctor's degree in mechanical engineering at Brunel University in July 2009 and May 2014, respectively.

Mr. Zhu Shuaishuai (朱帥帥), aged 35, is a senior deputy president of our Company. He joined our Group in April 2019 as a deputy general manager and a product director, and served as Senior Vice President since September 2024. Mr. Zhu served as a supervisor of our Company from March 2021 to February 2025. Additionally, Mr. Zhu is a supervisor of Guoxia Intelligent Equipment, a subsidiary of our company. Mr. Zhu was appointed as a Director on February 25, 2025, and was re-designated as an executive Director on April 18, 2025. Mr. Zhu holds approximately 20.63% of the partnership interests in Wuxi Xiyun, our core employee incentive shareholding platform. See the section "Report of the Board – Substantial Shareholders' interest and short position in the Shares and underlying Shares" of this annual report for further details of Wuxi Xiyun's interests for the purpose of Part XV of the SFO.

Mr. Zhu has over 11 years of experience in the energy and power industry. From July 2013 to March 2019, he served as a senior project manager at Jiangsu Zhenfa Holding Group Co., Ltd.* (江蘇振發控股集團有限公司), a company engaged in the project development, investment, construction, and operation and maintenance of solar photovoltaic power stations, as well as module energy integration, where his primary responsibilities included overall supervision and management of the project teams, planning, executing, monitoring, and closing projects, as well as optimizing project resources allocation and risk control.

Mr. Zhu was a supervisor of Shanghai Guike Technology Co., Ltd.* (上海櫃客科技有限公司), which was established in the PRC and principally engaged in the development of smart devices, new energy technology and energy-saving technology, prior to its deregistration on January 29, 2021. Mr. Zhu confirmed that the aforesaid company was solvent and was not involved in any material non-compliance incidents prior to its deregistration.

Mr. Zhu obtained a bachelor's degree in optoelectronic information science and technology from Jiangnan University (江南大學) in June 2013.

Mr. Zhu was appointed as an expert of the expert pool of the Jiangsu Province Energy Storage Industry Association* (江蘇省儲能行業協會專家庫專家) from August 2023 to August 2026.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Wang Zhenlin (王振淋), aged 36, is an executive Director, a deputy president, an assistant to the chairman of our Board, and a finance director of our Company, primarily responsible for assisting the Chairman in managing our Company's operations, executing corporate strategies, and overseeing financial activities. Mr. Wang joined our Group in September 2022 as an assistant to the Chairman and a financial director and served as a deputy president since September 2024. Mr. Wang was appointed as an executive Director on April 18, 2025. Mr. Wang holds approximately 4.68% of the partnership interests in Wuxi Luanhua. See the section "Report of the Board – Substantial Shareholders' interest and short position in the Shares and underlying Shares" of this annual report for further details of Wuxi Luanhua's interests for the purpose of Part XV of the SFO.

Mr. Wang has over 10 years of corporate management experience. From March 2014 to February 2020, Mr. Wang was a financial deputy manager of the East China region at China Resources Land Ltd. (華潤置地有限公司), a company engaged in development and sales of residential and commercial properties and real estate management, where his primary responsibilities included overseeing the Company's financial strategy, budgeting, financial reporting. From February 2020 to November 2020, he served as the commercial and financial manager for the East China region at Shanghai Xinwei Real Estate Development Co., Ltd.* (上海鑫威房地產開發有限公司), a company involved in real estate development, where his primary responsibilities included coordinating financial statistics and analysis for commercial operations and property management, determining financial settlement processes, and overseeing financing and capital allocation. From November 2020 to October 2021, Mr. Wang was an asset management director at Shanghai Rongcheng Enterprise Management Co.* (上海容承企業管理有限公司), a company focusing on property management, consulting in the field of environmental protection technology and construction engineering technology, and was wholly owned by Shimao Group Holdings Limited (世茂集團), where his primary responsibilities included daily operations and management of the asset management department, formulating and executing asset management strategies, supervising the preservation and appreciation of assets, and ensuring asset safety and compliance.

Mr. Wang obtained a bachelor's degree in accounting from Jiangsu University (江蘇大學) in June 2012.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Mr. Qian Kaiming (錢凱明) (formerly known as Mr. Qian Qifan (錢麒帆)), aged 61, was appointed as an independent non-executive Director with effect from the Listing Date, primarily responsible for supervising and providing independent opinion to our Board.

Mr. Qian has extensive experience in finance and management. From June 1986 to February 1993, he served as a budget accountant of Changzhou City Wujin District Panjia Town Finance Office, where he was primarily responsible for compiling and managing government budgets, preparing financial statements, and assisting in audit matters. From March 1993 to October 1998, he served as a deputy head and the head of Changzhou City Wujin District Xueyan Town Finance Office, where he was primarily responsible for formulating and implementing fiscal plans, strengthening fiscal supervision, and ensuring the safe use of fiscal funds. From October 1998 to April 2000, he was elected as a member of the third session of the Communist Party of China Committee of the People's Government of Changzhou City Wujin District Xueyan Town and the deputy secretary of Commission for Discipline Inspection of Xueyan Town. From May 2000 to September 2005, Mr. Qian served as a deputy general manager at Changzhou Shunfeng Power Generation Equipment Co., Ltd.* (常州順風發電設備有限公司), where, among other duties, he was responsible for reviewing company's budgets. On October 25, 2005, Mr. Qian was appointed as a deputy general manager for a term of five years at Jiangsu Shunfeng Photovoltaic Technology Co., Ltd.* (江蘇順風光電科技有限公司), where he was responsible for managing the Company's financial operations, formulating financial plans, preparing financial reports, assessing financial risks, and leading the finance team to achieve strategic goals. From August 2010 to February 2013, he served as an executive director of Shunfeng Photovoltaic International Co., Ltd. (currently known as Shunfeng International Clean Energy Limited, a company listed on the Stock Exchange, stock code: 1165). From December 2013 to April 2025, he served as the general manager of Changzhou Kuangda Sunshine Energy Co., Ltd.* (常州曠達陽光能源有限公司). From April 2014 to May 2020, he served as a director of Jiangsu Kuangda Automobile Textile Group Co., Ltd. (江蘇曠達汽車織物集團股份有限公司) (currently known as Kuangda Technology Group Co., Ltd., (曠達科技集團股份有限公司), a company listed on the Shenzhen Stock Exchange, stock code: 002516), and concurrently served as the deputy general manager of Kuangda New Energy Investment Co., Ltd. Since December 2023, he has served as the executive director of Kuangda New Energy Investment Co., Ltd. (曠達新能源投資有限公司).

Mr. Qian was a supervisor of Changzhou Shunfeng Petrochemical Environmental Protection Co., Ltd* (常州順風石化環保有限公司), which was established in the PRC and principally engaged in manufacturing environmental pollution control equipments, water supply and drainage pipes, petrochemical equipment parts, prior to its revocation on December 27, 2006. He was also an executive director of Jintan Tianjian Investment Consulting Service Co., Ltd.* (金壇市天健投資諮詢服務有限公司), which was established in the PRC principally engaged in consulting business, prior to its revocation on January 13, 2012. Mr. Qian confirmed that each of the aforesaid companies was solvent and was not involved in any material non-compliance incidents prior to its deregistration.

Mr. Qian obtained a diploma in financial accounting from Jiangsu Radio and Television University in July 1991. Mr. Qian was conferred the qualification of Accountant (會計師), specializing in Accounting (Enterprise) (會計(企業)) by the Ministry of Finance of the People's Republic of China (中華人民共和國財政部) in October 1994. Mr. Qian obtained a Certificate of Accounting Professional (會計從業資格證書) issued by Changzhou City Wujin District Finance Bureau (常州市武進區財政局) in September 2002.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Jiang Xingnan (蔣幸男), aged 36, was appointed as an independent non-executive Director with effect from the Listing Date, primarily responsible for supervising and providing independent opinion to our Board.

Ms. Jiang has over seven years of experience in investment and management. Since August 2017, she has been working at Tyee Capital Group (HK) Limited, primarily responsible for conducting due diligence, leasing investment research and overseeing key decision-making process.

Ms. Jiang obtained her bachelor's degree of arts from the University of Melbourne in 2012, subsequently she obtained a master's degree in Early Childhood Education from the same institution in 2014.

Dr. Jiang Wei (蔣煒), aged 57, was appointed as an independent non-executive Director with effect from the Listing Date, primarily responsible for supervising and providing independent opinion to our Board.

Dr. Jiang has an impressive career in research and higher education. Dr. Jiang was promoted to the rank of Associate Profession with tenure at Stevens Institute of Technology. From January 2009 to December 2010, he was employed by the Hong Kong University of Science and Technology as Visiting Associate Professor of Industrial Engineering and Logistics Management. Since April 2011, Dr. Jiang has been a professor at the Antai College of Economics and Management of Shanghai Jiao Tong University. Dr. Jiang has also been serving as an independent director of Shanghai NAR Industrial Co., Ltd. (上海納爾實業股份有限公司), a company listed on the Shenzhen Stock Exchange, stock code: 002825, since August 2019.

Dr. Jiang was awarded the Distinguished Young Scientist Fund Recipient of the National Natural Science Foundation of China* (國家自然科學基金委員會傑出青年科學基金), and was recognized as Shanghai Outstanding Academic Leader* (上海市優秀學術帶頭人).

Dr. Jiang obtained a bachelor's degree of science in applied mathematics from Xi'an Jiaotong University in 1989. Dr. Jiang obtained a master's degree of science from Xi'an Jiaotong University in 1992. Dr. Jiang obtained his doctor's degree from Hong Kong University of Science and Technology in 2000.

Supervisors

Ms. Sun Beibei (孫蓓蓓), aged 36, is the chairman of our Board of Supervisors, a deputy general manager of our International business unit of our Company, primarily responsible for setting, implementing, and achieving marketing objectives in overseas markets, as well as managing and building the overseas team. Ms. Sun joined our Group in November 2023 as an operation director, and has been serving her current position since September 2024. She was appointed as the Chairman of our Board of Supervisors on February 25, 2025. Ms. Sun holds approximately 7.25% of the partnership interests in Wuxi Jiqing, our employee incentive shareholding platform. See the section "Report of the Board – Substantial Shareholders' interest and short position in the Shares and underlying Shares" of this annual report for further details of Wuxi Jiqing's interests for the purpose of Part XV of the SFO.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Sun has over 14 years of experience in overseas market development. From March 2011 to November 2014, she was a salesperson at Jiangsu Nyingchi Shanyang Group Co., Ltd.* (江蘇林芝山陽集團有限公司), a company engaged in the production and sale of three-wheeled motorcycles, where her primary responsibilities included developing overseas markets and assisting the business manager with order tracking. From December 2014 to October 2023, Ms. Sun served as sales director at Wuxi Lees Power Co., Ltd. (無錫能電動力科技有限公司), a company focused on the production and sale of diesel generator sets, where her primary responsibilities included business development in overseas markets, achieving sales performance targets, and building and managing the sales team.

Ms. Sun obtained a bachelor's degree in English from Jiangnan University (江南大學) in June 2011.

Mr. Qian Zenglei (錢增磊), aged 36, is a Supervisor and the Vice President of Microgrid unit of our Company, primarily responsible for supervising the daily operation and management of our Company, overseeing the development of microgrid products, managing the operations of our digital center, and promoting digital and AI transformation to enhance organizational efficiency and business development. Mr. Qian joined the Group in November 2021 as Digital Director. Since September 2024, he has served as Digital Director of the Overseas Business Department, and was appointed to his current position in April 2026. He was appointed as a Supervisor on February 25, 2025. Mr. Qian holds approximately 9.28% of the partnership interests in Wuxi Xiyun, our core employee incentive shareholding platform. See the section "Report of the Board – Substantial Shareholders' interest and short position in the Shares and underlying Shares" of this annual report for further details of Wuxi Ziyun's interests for the purpose of Part XV of the SFO.

Mr. Qian has over 11 years of experience in electronic and internet technologies. Mr. Qian, together with others, founded Wuxi Source Code Technology Co., Ltd* (無錫源代碼科技有限公司) (currently known as Suzhou Original Dynamic Technology Co., Ltd.* (蘇州原代力科技有限公司)) in April 2014, a company focused on IoT technology and high-tech innovative applications, dedicated to the development and design of hardware and software related to electronics and the internet, and he ceased to hold shares in such company in September 2022, and served as, among other roles, a technical director at the Company, primarily responsible for leading the technical team, formulating technical strategies, promoting technological innovation, and ensuring the technical realization and quality control of products.

Mr. Qian obtained a bachelor's degree in automation and a master's degree in computer technology from Jiangnan University (江南大學) in June 2012 and June 2015, respectively.

In November 2023, Mr. Qian was certified as Computer Technology and Software Professional Technical Qualification (Senior Qualification) – System Architect* (計算機技術與軟件專業技術資格(高級資格) – 系統架構設計師), jointly issued by the Ministry of Human Resources and Social Security of the People's Republic of China (中華人民共和國人力資源和社會保障部) and the Ministry of Industry and Information Technology of the People's Republic of China (中華人民共和國工業和信息化部). In June 2022, he earned the Project Management Professional (PMP) certification from the Project Management Institute (PMI) in the United States.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Hu Yifang (胡一芳), aged 49, is an employee representative Supervisor and a finance manager of our Company, primarily responsible for supervising the daily operation and management of our Company, as well as overseeing financial matters, and cash settlement. Ms. Hu joined our Group in April 2019 and has been serving as our finance manager since then. She was appointed as an employee representative Supervisor on February 25, 2025. Ms. Hu holds approximately 9.73% of the partnership interests in Wuxi Jiqing. See the section “Report of the Board – Substantial Shareholders’ interest and short position in the Shares and underlying Shares” of this annual report for further details of Wuxi Jiqing’s interests for the purpose of Part XV of the SFO.

Ms. Hu has over 24 years of cash management experience. Before joining the Company, from July 2000 to September 2017, Ms. Hu served as, among other roles, a manager of financing department at Wuxi Xishan Mingxin Trade Co., Ltd.* (無錫市錫山明新貿易有限公司), a company engaged in international trade activities.

Ms. Hu graduated from the Chinese People’s Liberation Nanjing Army Army Command Academy (中國人民解放軍南京陸軍指揮學院) in June 2010.

Save as disclosed above, each of the Directors and Supervisors of the Company confirms with respect to himself or herself that he or she (1) had no other relationship with any Directors, Supervisors, senior management or substantial shareholders of the Company as of the date of this report; (2) did not hold any other directorships in the three years prior to the date of this report in any public companies of which the securities are listed on any securities market in Hong Kong and/or overseas; and (3) there are no other matters concerning the Directors that need to be brought to the attention of the Shareholders and the Stock Exchange or shall be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Senior Management

Ms. Zhang Yuhan (張宇晗), aged 37, is a deputy president, and Director of Corporate Branding and Public Relations of our Company with oversight of the Supply Chain Center, primarily responsible for formulating strategic plans, formulating long-term brand development strategies and annual communication plans, and overseeing supply chain management, ensuring product quality meets standards. Ms. Zhang joined our Group in December 2022 as a supply chain director and a quality director since then. She served as a deputy general manager of our Company from September 2023 to September 2024, and was subsequently appointed as a deputy president of our Company since September 2024. Ms. Zhang holds approximately 8.16% of the partnership interests in Wuxi Jiqing, our employee incentive shareholding platform, which in turn will hold 1,530,000 Shares. See the section “Report of the Board – Substantial Shareholders’ interest and short position in the Shares and underlying Shares” of this annual report for further details of Wuxi Jiqing’s interests for the purpose of Part XV of the SFO.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Zhang has over 12 years of sales and supply chain experience. From July 2012 to September 2021, Ms. Zhang was a senior purchasing engineer and quality engineer at Perkins Power Systems Technology (Wuxi) Co., Ltd.* (無錫珀金斯動力系統科技有限公司), which was a manufacturer of construction machinery, mining equipment, diesel and natural gas engines, industrial gas turbines, and locomotives, where her primary responsibilities included supplier management, execution of purchasing plans, cost control, quality control, and logistics management. From October 2021 to November 2022, Ms. Zhang served as a senior purchasing manager at Liugong Changzhou Machinery Co., Ltd.* (柳工常州機械有限公司), a company engaged in engineering machinery manufacturing, with core business areas including research, production, sales, and after-sales service of various types of engineering machinery, as well as key component manufacturing, financial leasing, and international trade, where her primary responsibilities included developing and executing purchasing strategies, managing supplier relationships, optimizing supply chain costs, ensuring the quality and efficiency of material supplies, and supervising the daily operations of the purchasing team.

Ms. Zhang obtained a bachelor's degree in transportation equipment information engineering from Central South University (中南大學) in June 2009. She also received a master's degree in mechanical engineering from Hohai University (河海大學) in June 2012.

Ms. Zhang obtained the Project Management Professional (PMP) certification from the Project Management Institute (PMI) in June 2021, and the PMI Agile Certified Practitioner (PMI-ACP) certification from PMI in July 2022. Further, in September 2022, she received the Certified Supply Chain Professional (CSCP) certification from the American Production and Inventory Control Society. In May 2024, Ms. Zhang received the New Product Development Professional (NPDP) certification from the Product Development and Management Association.

Joint Company Secretaries

Mr. Wang Zhenlin (王振淋) has been appointed as one of our joint company secretaries on April 18, 2025. For details of his biography, please see “Our Board of Directors – Executive Directors” in this section.

Ms. LEUNG Hoi Yan (梁皚欣), has been appointed as one of our joint company secretaries on April 18, 2025. Ms. Leung has rich experience in company secretarial and corporate governance matters of listed companies in Hong Kong. She currently serves as the Assistant Manager, Entity Solutions of Computershare Hong Kong Investor Services Limited.

Ms. Leung holds a bachelor's degree of commerce (honours) in accounting from Hong Kong Shue Yan University. She is an associate member of the Hong Kong Chartered Governance Institute and the Chartered Governance Institute.

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

Since the Listing Date, save as disclosed in this annual report, there has been no change in information required to be disclosed by the Directors, Supervisors and chief executive of the Company pursuant to Rule 13.51B(1) of the Listing Rules.

INDEPENDENT AUDITOR'S REPORT



To the shareholders of Guoxia Technology Co., Ltd.

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

OPINION

We have audited the consolidated financial statements of Guoxia Technology Co., Ltd. (the “Company”) and its subsidiaries (the “Group”) set out on pages 80 to 171, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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 MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment assessment of trade receivables</p> <p>As at 31 December 2025, the net carrying amount of trade receivables amounted to RMB928.49 million, representing a significant proportion of the Group's total assets in the consolidated financial statements.</p> <p>The Group used a provision matrix to calculate expected credit losses ("ECLs"). The matrix is based on collective credit risk characteristics. The provision rates are based on the Group's historical credit loss rate and are adjusted to reflect current and forward-looking factors.</p> <p>Given the significant management judgements and estimates involved in determining the ECLs, impairment provision for trade receivables was identified as a key audit matter.</p> <p>Relevant disclosures are included in notes 2.4, 3 and 20 to the consolidated financial statements.</p>	<p>Our audit procedures to address this matter included the followings:</p> <ul style="list-style-type: none">• Understood the internal controls related to the estimates of ECLs, discussed with management on the groupings of credit risk characteristic and the estimates of expected credit losses;• Assessed management's expected credit loss model by considering current economic conditions, debtors' financial condition, historical loss rate and credit terms;• Recalculated the calculation of ECLs on trade receivables and checked the aging of trade receivables;• Checked the subsequent payments on a sample basis, and reviewed supporting documents, such as bank advices;• Evaluated the adequacy of the disclosures of impairment assessment of trade receivables included in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

Other information consists of the information included in the Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Annual Report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available 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.

RESPONSIBILITIES OF THE DIRECTORS 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

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. Our report is made solely to you, as a body, 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 judgement and maintain professional scepticism 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.
- 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.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Kwok Yin (practising certificate number: P05403).

Ernst & Young

Certified Public Accountants

Hong Kong

20 March 2026

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	5	2,057,423	1,025,613
Cost of sales		(1,674,842)	(870,606)
Gross profit		382,581	155,007
Other income and gains, net	5	14,607	14,628
Research and development expenses		(62,598)	(31,578)
Administrative expenses		(75,336)	(26,125)
Selling and marketing expenses		(101,440)	(39,947)
Impairment losses on financial and contract assets, net	6	(17,233)	(7,353)
Other expenses, net		(162)	(337)
Finance costs	7	(17,366)	(10,324)
Share of losses of associates and joint ventures	16	(7,228)	(151)
PROFIT BEFORE TAX	6	115,825	53,820
Income tax expense	10	(12,912)	(4,701)
PROFIT FOR THE YEAR		102,913	49,119
Attributable to:			
Owners of the parent	12	102,859	49,119
Non-controlling interests		54	–
		102,913	49,119
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)		0.22	0.17
Diluted (RMB)		0.22	0.17

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
PROFIT FOR THE YEAR	102,913	49,119
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Debt investments at fair value through other comprehensive loss:		
Changes in fair value	(1,414)	–
Income tax effect	214	–
Net other comprehensive loss that may be reclassified to loss in subsequent periods	(1,200)	–
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investments at fair value through other comprehensive loss:		
Changes in fair value	(915)	–
Income tax effect	137	–
Net other comprehensive loss that will not be reclassified to loss in subsequent periods	(778)	–
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	(1,978)	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	100,935	49,119
Attributable to:		
Owners of the parent	100,881	49,119
Non-controlling interests	54	–
	100,935	49,119

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

31 December 2025

		31 December 2025	31 December 2024
	Notes	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	173,150	90,253
Right-of-use assets	14	38,377	68,704
Other intangible assets	15	4,569	1,848
Investments in associates and joint ventures	16	6,126	2,894
Equity investments designated at fair value through other comprehensive income	17	765	1,680
Deferred tax assets	29	8,082	2,587
Total non-current assets		231,069	167,966
CURRENT ASSETS			
Inventories	19	350,178	115,628
Trade and bills receivables	20	1,220,834	520,457
Prepayments, other receivables and other assets	22	116,390	143,780
Financial assets at fair value through profit or loss	18	–	89,909
Contract assets	21	138,476	41,490
Restricted bank deposits	23	57,837	18,580
Cash and cash equivalents	23	1,034,012	50,262
Total current assets		2,917,727	980,106
CURRENT LIABILITIES			
Trade and bills payables	24	1,294,605	438,938
Other payables and accruals	25	138,283	20,896
Contract liabilities	26	86,147	82,107
Interest-bearing bank borrowings	27	407,487	315,404
Lease liabilities	14	3,791	67,566
Tax payable		17,399	5,933
Provision	28	4,124	1,680
Total current liabilities		1,951,836	932,524
NET CURRENT ASSETS		965,891	47,582
TOTAL ASSETS LESS CURRENT LIABILITIES		1,196,960	215,548

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

31 December 2025

		31 December 2025	31 December 2024
	Notes	RMB'000	RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	14	14,873	205
Long-term payables	25	32,004	16,893
Deferred tax liabilities	29	–	1,668
Provision	28	8,965	1,846
Interest-bearing bank borrowings	27	87,461	2,144
Total non-current liabilities		143,303	22,756
Net assets		1,053,657	192,792
EQUITY			
Equity attributable to owners of the parent			
Share capital/paid-in capital	30	102,374	30,705
Reserves	32	950,228	160,968
		1,052,602	191,673
Non-controlling interests		1,055	1,119
Total equity		1,053,657	192,792

Director:

Director:

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2025

Notes	Attributable to owners of parent								
	Paid-in capital/ share capital RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025	30,705	53,185	7,750	-	8,280	91,753	191,673	1,119	192,792
Profit for the year	-	-	-	-	-	102,859	102,859	54	102,913
Other comprehensive income for the year:									
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	(1,978)	-	-	(1,978)	-	(1,978)
Total comprehensive income for the year	-	-	-	(1,978)	-	102,859	100,881	54	100,935
Equity-settled share award arrangements	31	-	4,647	-	-	-	4,647	-	4,647
Capital contributions from shareholders	30	4,588	95,412	-	-	-	100,000	-	100,000
Conversion into a joint stock company	30	59,295	(46,974)	(6,975)	(3,701)	(1,645)	-	-	-
Transfer to statutory reserves	-	-	-	-	9,741	(9,741)	-	-	-
Deregistration of a subsidiary	-	-	-	-	-	-	-	(118)	(118)
Share issue expenses	-	(54,593)	-	-	-	-	(54,593)	-	(54,593)
Issue of shares	-	7,786	702,208	-	-	-	709,994	-	709,994
At 31 December 2025		102,374	749,238*	5,422*	(1,978)*	14,320*	183,226*	1,055	1,053,657

Notes	Attributable to owners of parent								
	Paid-in capital RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000	
At 1 January 2024	16,326	23,786	3,617	3,701	47,213	94,643	20	94,663	
Profit for the year	-	-	-	-	49,119	49,119	-	49,119	
Total comprehensive income for the year	-	-	-	-	49,119	49,119	-	49,119	
Capital contributions from shareholders	30	14,379	29,399	-	-	43,778	-	43,778	
Capital contribution from non-controlling interests	-	-	-	-	-	-	1,099	1,099	
Equity-settled share award arrangements	31	-	-	4,133	-	4,133	-	4,133	
Transfer to statutory reserves	-	-	-	4,579	(4,579)	-	-	-	
At 31 December 2024		30,705	53,185*	7,750*	8,280*	91,753*	1,119	192,792	

* These reserve accounts comprise the balances of consolidated reserves of RMB950,228,000 (2024: RMB160,968,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		115,825	53,820
Adjustments for:			
Share of losses of associates and joint ventures	16	7,228	151
Finance costs	7	17,366	10,324
Impairment losses on trade and bills receivables	6,20	12,539	6,589
Impairment losses on contract assets	6,21	1,195	450
Impairment losses on other receivables	6,22	3,499	314
Write-down of inventories to net realisable value	6,19	2,187	(2)
Depreciation of property and equipment	6,13	13,029	6,682
Depreciation of right-of-use assets	6,14	5,974	4,409
Amortisation of other intangible assets	6,15	385	212
Loss on disposal of property and equipment, net	6	4	310
Loss on deregistration of subsidiaries	6	82	–
Equity-settled share award expense	32	4,647	4,133
		183,960	87,392
(Increase)/decrease in inventories		(236,738)	4,686
Placement of pledged bank deposits		(39,257)	(6,574)
Increase in trade and bills receivables		(714,331)	(361,281)
Increase in contract assets		(98,182)	(41,162)
Increase in prepayments, other receivables and other assets		(22,855)	(72,155)
Increase in trade and bills payables		931,323	306,154
Increase in other payables and accruals		136,580	5,623
Increase in provisions		9,563	1,376
Increase in contract liabilities		4,040	82,015
Effect of exchange rate changes, net		1,470	(33)
Cash generated from operations		155,573	6,041
Income taxes paid		(10,344)	(2,311)
Net cash flows from operating activities		145,229	3,730

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(92,978)	(66,107)
Purchases of other intangible assets		(3,106)	(80)
Payments for acquisition of financial assets at fair value through profit or loss		–	(99,908)
Proceeds from disposal of financial assets at fair value through profit or loss		89,736	17,001
Payments for acquisition of investments in associates and joint ventures		(10,500)	(3,000)
Loans to third parties		(46,900)	(62,306)
Proceeds from disposal of an associate		40	–
Repayment of third-party loans		95,707	11,700
Net cash flows from/(used in) investing activities		31,999	(202,700)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease payments	14	(25,344)	(8,378)
Repayment of bank and other loans		(526,455)	(179,569)
New bank and other loans		621,169	385,566
Interest paid		(16,779)	(7,533)
Capital injection from non-controlling shareholder		–	1,099
Issue of shares		709,994	–
Payment of issue expenses		(54,593)	–
Capital contribution	30	100,000	43,778
Net cash flows from financing activities		807,992	234,963
NET INCREASE IN CASH AND CASH EQUIVALENTS		985,220	35,993
Cash and cash equivalents at beginning of year		50,262	14,236
Effect of foreign exchange rate changes, net		(1,470)	33
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,034,012	50,262
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	23	1,034,012	50,262
Cash and cash equivalents as stated in the consolidated statement of cash flows and consolidated statement of financial position		1,034,012	50,262

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE INFORMATION

The Company is a limited liability company registered in the People's Republic of China (the "PRC"). The registered office of the Company is located at No. 9 Huicheng Road, Chang'an Street, Huishan District, Wuxi, Jiangsu Province.

In March 2025, the Company was converted to a joint stock limited liability company, and a total of 90,000,000 ordinary shares with a nominal value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the then paid-in capital registered under the names of these shareholders on that day.

During the year, the Company and its subsidiaries were principally engaged in the manufacture and sale of energy storage products and systems, and the provision of EPC (Engineering, Procurement, Construction) services and other services.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies. The particulars of its principal subsidiaries are set out below:

Name	Place and date of registration and place of operations	Registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hubei JiuHong Liangyu Construction Engineering Co., Ltd. ("Hubei JiuHong Liangyu") (湖北久宏良宇建设工程有限公司)	PRC/Chinese mainland 28 December 2018	RMB50,000,000	100	–	General mechanical equipment installation services
Jiangsu Hanchu Energy Technology Co., Ltd ("Jiangsu Hanchu") (江蘇漢儲能源科技有限公司)	PRC/Chinese mainland 25 January 2023	RMB10,000,000	100	–	Trading of energy storage products and systems

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group at the end of the reporting period. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial instruments at fair value through profit or loss (“FVPL”), financial assets at fair value through other comprehensive income (“FVOCI”) and bills receivable, which have been measured at fair value.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in Accounting Policies and Disclosures

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries and the Company for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet Effective HKFRS Accounting Standards

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹

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

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies

Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it 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 type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associates or joint ventures, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

Upon loss of significant influence over the associates or joint control over the joint ventures, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associates or joint ventures upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Fair value measurement

The Group measures its financial assets at FVPL and bills receivable at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, financial assets and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Machinery and equipment	6% to 10%
Electronic equipment	32% to 48%
Furniture fixtures and office equipment	19% to 22%
Motor vehicles	24%
House and buildings	5%
Leasehold improvements	Over the shorter of the lease terms and 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with finite useful lives are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives as follows:

Purchased software	10 years
--------------------	----------

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is recognised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Leases (continued)

Group as a lessee (continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	24 to 30 years
Buildings	2 to 5 years
Machinery and equipment	2 to 5 years
Motor vehicles	3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from a change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

The subsequent measurement of financial assets depends on their classification as follows: (continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes wealth management products.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Impairment of financial assets (continued)

General approach (continued)

In certain cases, the Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, lease liabilities and interest-bearing bank borrowings.

The Group classifies financial liabilities that arise from a supplier finance arrangement within trade and bills payables in the statement of financial position if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group's normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in trade and bills payables in the statement of financial position are included in operating activities in the statement of cash flows. Otherwise, the financial liabilities are classified in interest-bearing bank and other borrowings in the statement of financial position and the related cash flows are included in financing activities in the statement of cash flows.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables and interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

The Group also recognises the contract fulfilment cost of inventories from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The contract fulfilment cost recognised shall be amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the services to which the asset relates. The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of contract fulfilment cost recognised exceeds the remaining amount of consideration that the entity expects to receive in exchange for the services to which the asset relates less the costs that relate directly to the provision of those services and that have not been recognised as expenses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain products. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and tax laws that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Income tax (continued)

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates, and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Income tax (continued)

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is deducted in reporting the related expense, or recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the government grants were deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) Energy storage systems business

Revenue from the energy storage systems business primarily arises from sales of energy storage system products and others, which is recognised at the point in time when control of the products is transferred to the customer, generally being when the products are delivered to the customer upon the international trade terms and the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract.

(b) EPC services

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the services, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

(c) Others

Revenue from others primarily arises from sales of materials and semi-finished products which is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the materials and semi-finished products, and also includes revenue from operation and maintenance services, which is recognised over the scheduled period on a time proportion basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before being unconditionally to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates two share award schemes, under which the Group granted restricted shares to employees and directors. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (“equity-settled transactions”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a discounted cash flow model, further details of which are given in note 31 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Share-based payments (continued)

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Pension scheme

The employees of Company and its subsidiaries which operate in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal governments. The Company and its subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Housing fund

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are specifically stated in the terms of the resolution and approved by the shareholders in a general meeting.

Foreign currencies

The financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Estimation uncertainty

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, are described below.

Provision for expected credit losses (“ECLs”) on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on aging for groupings of various customers that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables and contract assets are disclosed in notes 20 and 21 to the financial statements, respectively.

Provision for warranty

The Group makes a provision for warranty for the energy storage system business and EPC services according to the best expected settlement under the sales agreement. The provision amount takes into account the Group’s recent claims, past warranty data and the weight of all possible results and their related probabilities. As the Group continues to upgrade its product design and introduce new models, the recent claims may not represent the claims it will face in the future for past sales. Any increase or decrease in provision will affect the profit or loss in future years. Further details of the provision are set out in note 28 to the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of property and equipment, right-of-use assets, intangible assets and investments in associates and joint ventures as at the end of the reporting period are set out in notes 13, 14, 15 and 16 to the financial statements, respectively.

Estimation of grant date fair value of restricted shares

The Group granted restricted shares to the Group's directors and employees during the year. The Group has engaged an independent valuer to evaluate the grant date fair value of the restricted shares, which is determined based on the fair value of the Company's ordinary shares at the grant date of the award. Estimation of the fair value of the Company's ordinary shares involves significant assumptions, such as risk-free interest rate and volatility, that might not be observable in the market, and it could have significant impact on the share-based payment expenses charged to profit or loss. Further details are included in note 31 to the financial statements.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of energy storage products and systems, and the provision of EPC services and other services. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	2025	2024
	RMB'000	RMB'000
Chinese mainland	1,630,950	819,083
Europe	129,377	104,584
Africa	282,996	99,649
Others	14,100	2,297
Total	2,057,423	1,025,613

The revenue information above is based on the locations of end-customers.

(b) Non-current assets

All of the Group's non-current assets were located in the Chinese mainland during the year (2024: all).

Information about major customers

During the year, revenues from transactions with each of external customers (including entities under common control with those customers) amounting to 10% or more of the Group's revenues are as follows:

	2025	2024
	RMB'000	RMB'000
Customer A	*	286,619
Customer B	377,706	105,370
Customer C	288,134	*

* The revenues from transactions with the customers were less than 10% of the Group's revenues in the years indicated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue from contracts with customers is as follows:

	2025 RMB'000	2024 RMB'000
Energy storage systems business	1,814,110	1,003,382
EPC services	173,610	19,512
Others	69,703	2,719
Total	2,057,423	1,025,613

Disaggregation of the Group's revenue from contracts with customers by the timing of revenue recognition is set out below:

	2025 RMB'000	2024 RMB'000
Transferred over time	174,700	20,387
Transferred at a point in time	1,882,723	1,005,226
Total	2,057,423	1,025,613

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2025 RMB'000	2024 RMB'000
Energy storage systems business	39,213	92

Information about the Group's performance obligations is summarised below:

Energy storage systems business

The performance obligation is satisfied upon the acceptance of the energy storage system products by the customers or upon the international trade terms such as FOB and the payment is generally due within 0 to 180 days from delivery.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (continued)

EPC services

The performance obligation is satisfied over time as services are rendered. Payment in advance is normally required at the beginning of the service, and progress payment is generally due within 60 to 90 days from the date of billing.

The Group has applied the practical expedient for not to disclose the remaining performance obligations as at the end of the reporting period because the performance obligations are part of the contracts with original expected duration of one year or less.

	2025 RMB'000	2024 RMB'000
Other income		
Interest income	398	1,237
Investment income from financial investments at fair value through profit or loss	21	5
Loss on deregistration of subsidiaries	(82)	–
Government grants	4,982	4,226
Extra deduction of value-added-tax	10,302	7,587
Others	205	244
Total other income	15,826	13,299
Gains		
Foreign exchange differences, net	(1,219)	1,329
Total	14,607	14,628

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		2025	2024
		RMB'000	RMB'000
Cost of products sold		1,669,836	855,399
Cost of services provided		5,006	15,207
Depreciation of property and equipment*	13	13,029	6,682
Depreciation of right-of-use assets*	14	5,974	4,409
Amortisation of other intangible assets*	15	385	212
Lease payments not included in the measurement of lease liabilities*	14	1,531	688
Research and development expenses		62,598	31,578
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):			
Wages and salaries		69,397	43,164
Pension scheme contributions (defined contribution scheme)		3,565	2,744
Equity-settled share award expense*		1,908	2,265
Termination benefits		216	181
Total		75,086	48,354
Impairment losses on financial and contract assets, net:			
Trade and bills receivables	20	12,539	6,589
Contract assets	21	1,195	450
Other receivables	22	3,499	314
Total		17,233	7,353
Write-down/(write-back) of inventories to net realisable value		2,187	(2)
Loss on disposal of property and equipment		4	310
Loss on deregistration of subsidiaries		82	-

* These items are included in "Cost of sales", "Administrative expenses", "Selling and marketing expenses" and "Research and development expenses" in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025	2024
	RMB'000	RMB'000
Interest on bank loans	16,786	8,003
Interest on lease liabilities (note 14)	580	2,321
Total	17,366	10,324

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025	2024
	RMB'000	RMB'000
Fees	18	–
Other emoluments:		
Salaries, allowances and benefits in kind	4,622	1,140
Performance related bonuses	3,362	95
Equity-settled share award expense	2,739	1,868
Pension scheme contributions	102	28
Subtotal	10,825	3,131
Total	10,843	3,131

During the year, certain directors were granted restricted shares, in respect of their services to the Group, under the shares award schemes of the Group, further details of which are set out in note 31 to the financial statements. The fair value of such restricted shares, which has been recognised in statements of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2025 RMB'000	2024 RMB'000
Mr. Qian Kaiming	6	–
Mr. Jiang Wei	6	–
Ms. Jiang Xingnan	6	–
Total	18	–

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

* Mr. Qian Kaiming, Mr. Jiang Wei and Ms. Jiang Xingnan were appointed as independent non-executive directors in December 2025.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity- settled share award expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2025						
Mr. Zhang Xi	-	1,080	500	1,856	10	3,446
Mr. Liu Ziyue*	-	900	500	-	18	1,418
Mr. Zhu Shuaishuai*	-	400	-	231	16	647
Mr. Bai Yang*	-	711	1,362	536	32	2,641
Mr. Wang Zhenlin**	-	331	500	104	7	942
Mr. Feng Lizheng	-	1,200	500	12	19	1,731
Total	-	4,622	3,362	2,739	102	10,825
2024						
Mr. Zhang Xi	-	540	45	1,856	9	2,450
Mr. Feng Lizheng	-	600	50	12	19	681
Total	-	1,140	95	1,868	28	3,131

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

* Mr. Liu Ziyue, Mr. Zhu Shuaishuai and Mr. Bai Yang were appointed as directors in February 2025.

** Mr. Wang Zhenlin was appointed as a director in April 2025.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors and the chief executive (2024: one director and the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2024: three) highest paid employee who is neither a director nor the chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	1,166	2,222
Performance related bonuses	1,853	140
Equity-settled share award expense	208	952
Pension scheme contributions	19	67
Total	3,246	3,381

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2025	2024
Nil to HKD500,000	–	–
HKD500,001 to HKD1,000,000	–	1
HKD1,000,001 to HKD1,500,000	–	2
HKD1,500,001 to HKD2,000,000	2	–
Total	2	3

During the year and in prior years, restricted shares were granted to a non-director and non-chief executive highest paid employee (2024: two) in respect of his services to the Group, further details of which are included in the disclosures in note 31 to the financial statements. The fair value of such restricted shares, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

10. INCOME TAX

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the entities which operate in the Chinese mainland are subject to corporate income tax (“CIT”) at a rate of 25% on the taxable income. The Company obtained the certificate of High and New Technology Enterprise on 19 November 2024 with a validity period of three years. Accordingly, the Company was entitled to a preferential tax rate of 15% during the year. In addition, the Group’s certain subsidiaries operating in the Chinese mainland were entitled to a preferential tax rate of 5% (2024: 5%) because they were regarded as “small-scaled minimal profit enterprises” with taxable income no more than RMB3,000,000.

	2025 RMB'000	2024 RMB'000
Current	19,724	5,683
Deferred (note 29)	(6,812)	(982)
Total tax charge for the year	12,912	4,701

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and operate to the tax expense at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	115,825	53,820
Tax at the statutory tax rate of 25%	28,956	13,455
Effect of different tax rates	(12,295)	(4,882)
Losses attributable to associates and joint ventures	1,084	23
Expenses not deductible for tax	1,096	423
Tax losses not recognised	1,677	23
Additional deductible allowance for research and development expenses	(7,606)	(4,341)
Tax charge at the Group’s effective rate	12,912	4,701

11. DIVIDENDS

No dividends were declared or paid by the Group during the year (2024: Nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT

	Note	Machinery and equipment RMB'000	Electronic equipment RMB'000	Furniture fixtures and office equipment RMB'000	Motor vehicles RMB'000	House and building RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2025									
At 1 January 2025:									
Cost		32,599	2,823	8,270	4,604	-	14,774	35,018	98,088
Accumulated depreciation		(2,598)	(1,009)	(768)	(1,259)	-	(2,201)	-	(7,835)
Net carrying amount		30,001	1,814	7,502	3,345	-	12,573	35,018	90,253
At 1 January 2025, net of accumulated depreciation									
		30,001	1,814	7,502	3,345	-	12,573	35,018	90,253
Additions		12,468	1,142	275	711	824	257	34,551	50,228
Transfers		57,179	-	-	-	57,420	-	(68,767)	45,832
Disposals		(4)	(2)	-	(14)	(114)	-	-	(134)
Depreciation provided during the year	6	(4,424)	(992)	(1,574)	(1,114)	(1,955)	(2,970)	-	(13,029)
At 31 December 2025, net of accumulated depreciation		95,220	1,962	6,203	2,928	56,175	9,860	802	173,150
At 31 December 2025:									
Cost		102,242	3,963	8,545	5,301	58,130	15,031	802	194,014
Accumulated depreciation		(7,022)	(2,001)	(2,342)	(2,373)	(1,955)	(5,171)	-	(20,864)
Net carrying amount		95,220	1,962	6,203	2,928	56,175	9,860	802	173,150

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT(continued)

	Note	Machinery and equipment RMB'000	Electronic equipment RMB'000	Furniture fixtures and office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024								
At 1 January 2024:								
Cost		8,704	1,552	1,164	2,379	-	10,528	24,327
Accumulated depreciation		(465)	(226)	(112)	(350)	-	-	(1,153)
Net carrying amount		8,239	1,326	1,052	2,029	-	10,528	23,174
At 1 January 2024, net of accumulated depreciation								
		8,239	1,326	1,052	2,029	-	10,528	23,174
Additions		5,266	1,228	2,921	2,225	471	64,073	76,184
Transfers		18,905	44	4,218	-	16,416	(39,583)	-
Government grants		-	-	-	-	(2,113)	-	(2,113)
Disposals		(276)	(1)	(33)	-	-	-	(310)
Depreciation provided during the year	6	(2,133)	(783)	(656)	(909)	(2,201)	-	(6,682)
At 31 December 2024, net of accumulated depreciation		30,001	1,814	7,502	3,345	12,573	35,018	90,253
At 31 December 2024:								
Cost		32,599	2,823	8,270	4,604	14,774	35,018	98,088
Accumulated depreciation		(2,598)	(1,009)	(768)	(1,259)	(2,201)	-	(7,835)
Net carrying amount		30,001	1,814	7,502	3,345	12,573	35,018	90,253

At 31 December 2025, certain of the Group's machinery and equipment, buildings and a motor vehicle with a net carrying amount of approximately RMB136,364,000 (2024: RMB32,711,000) were pledged to secure certain long-term payables and borrowings of the Group (notes 25 and 27).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

14. LEASES

The Group has lease contracts for various items of buildings, land, motor vehicles and machinery and equipment used in its operations. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
As at 1 January 2024	19,545	50,073	–	276	69,894
Additions	–	3,219	–	–	3,219
Depreciation charge	(619)	(3,646)	–	(144)	(4,409)
As at 31 December 2024 and 1 January 2025	18,926	49,646	–	132	68,704
Additions	4,550	5,987	11,889	–	22,426
Depreciation charge	(738)	(3,151)	(1,953)	(132)	(5,974)
Lease modification/termination	(306)	(46,473)	–	–	(46,779)
As at 31 December 2025	22,432	6,009	9,936	–	38,377

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

14. LEASES (continued)

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	67,771	70,609
New leases	22,426	3,219
Accretion of interest recognised during the year (note 7)	580	2,321
Payments	(25,344)	(8,378)
Lease modification/termination	(46,769)	–
Carrying amount at 31 December	18,664	67,771
Analysed into:		
Current portion	3,791	67,566
Non-current portion	14,873	205

The maturity analysis of lease liabilities is disclosed in note 38 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities (note 7)	580	2,321
Depreciation charge of right-of-use assets (note 6)	5,974	4,409
Expense relating to short-term-leases (note 6)	1,531	688
Total amount recognised in profit or loss	8,085	7,418

(d) The total cash outflow for leases is disclosed in note 33(c) to the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

15. OTHER INTANGIBLE ASSETS

	Purchased software RMB'000
31 December 2025	
Cost at 1 January 2025, net of accumulated amortisation	1,848
Additions	3,106
Amortisation provided during the year (note 6)	(385)
At 31 December 2025	4,569
At 31 December 2025:	
Cost	5,270
Accumulated amortisation	(701)
Net carrying amount	4,569
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	1,980
Additions	80
Amortisation provided during the year (note 6)	(212)
At 31 December 2024	1,848
At 31 December 2024:	
Cost	2,164
Accumulated amortisation	(316)
Net carrying amount	1,848

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2025 RMB'000	2024 RMB'000
Share of net assets of associates	3,258	44
Share of net assets of joint ventures	2,868	2,850
Carrying amount	6,126	2,894

Particulars of the associate are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Hebei Keliyuan Hybrid Energy Storage Technology Co., Ltd.	Ordinary shares	PRC/Chinese mainland	35%	Energy storage product development

The Group's investment in this company is accounted for as an associate of the Group because the Group is in a position to exercise significant influence. This company have a board of directors, which were elected by the shareholders. Any resolution adopted by the board of directors shall be adopted by a majority of the directors.

Particulars of the joint venture are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Guangxi Jinneng Energy Investment Co., Ltd.	Ordinary shares	PRC/Chinese mainland	34%	Energy storage product development

The Group's investment in this company is accounted for as a joint venture of the Group because the Group is in a position to exercise common control. All resolutions of the shareholders' meeting of this company shall be unanimously adopted by all shareholders.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

16. INVESTMENTS IN ASSOCIATE AND JOINT VENTURE (continued)

The following table illustrates the aggregate financial information of the Group's associates and joint ventures that are not individually material:

	2025 RMB'000	2024 RMB'000
Share of the losses of associates and joint ventures for the year	(7,228)	(151)
Aggregate carrying amount of the Group's investments in associates and joint ventures	6,126	2,894

17. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Unlisted equity investments, at fair value	765	1,680

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Wealth management products	-	89,909

The wealth management products issued by banks in the Chinese mainland were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

19. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	130,071	64,357
Work in progress	40,510	7,883
Finished goods	179,597	43,388
Total	350,178	115,628

20. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	949,311	514,039
Impairment	(20,824)	(8,285)
	928,487	505,754
Bills receivable	292,347	14,703
Net carrying amount	1,220,834	520,457

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 days to 180 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control system to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are settled in accordance with the terms of the respective contracts. Notwithstanding that the Group has concentration of credit risk as further detailed in note 38 to the financial statements, the directors of the Company are of the view that there has been no significant increase in credit risk of default because the amounts are due from customers with good repayment history. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group's bills receivable were all aged within 1 year and were neither past due nor impaired.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

20. TRADE AND BILLS RECEIVABLES (continued)

An aging analysis of trade receivables as at the end of the reporting period, based on the due date set out in the contracts and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	880,962	475,661
1 to 2 years	45,197	30,093
2 to 3 years	2,328	–
Total	928,487	505,754

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	8,285	1,696
Impairment losses, net (note 6)	12,539	6,589
At end of year	20,824	8,285

An impairment analysis is performed at the end of the reporting period using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than five years and are not subject to enforcement activity. In addition, when there exists an indicator of significant increase in credit risk in relation to a particular debtor, an impairment analysis is performed in respect of the corresponding outstanding receivable balance on an individual debtor basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

20. TRADE AND BILLS RECEIVABLES (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2025

	Current and within 6 months	Ageing			Total
		6 months to 1 year	1 to 2 years	2 to 3 years	
Collectively assessed:					
Expected credit loss rate	0.95%	4.63%	11.78%	31.67%	2.19%
Gross carrying amount (RMB'000)	753,267	141,405	51,232	3,407	949,311
Expected credit losses (RMB'000)	7,158	6,552	6,035	1,079	20,824

As at 31 December 2024

	Current and within 6 months	Ageing			Total
		6 months to 1 year	1 to 2 years	2 to 3 years	
Collectively assessed:					
Expected credit loss rate	0.83%	2.78%	10.23%	–	1.61%
Gross carrying amount (RMB'000)	435,829	44,686	33,524	–	514,039
Expected credit losses (RMB'000)	3,612	1,242	3,431	–	8,285

21. CONTRACT ASSETS

	2025 RMB'000	2024 RMB'000
Contract assets arising from energy storage systems business	132,580	40,267
Contract assets arising from EPC services	7,548	1,680
Impairment	(1,652)	(457)
Net carrying amount	138,476	41,490

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

21. CONTRACT ASSETS (continued)

Contract assets are initially recognised for revenue earned from the provision of energy storage systems business and EPC services as the receipt of consideration is conditional on successful completion of the warranty conditions. Included in contract assets for the provision of energy storage systems business and EPC services are retention receivables. Upon completion of warranty conditions and acceptance by the customers, the amounts recognised as contract assets are reclassified to trade receivables.

The Group's trading terms and credit policy with customers are disclosed in note 20 to the financial statements.

The expected timing of recovery or settlement for contract assets as at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
Within one year	27,828	4,145
After one year	110,648	37,345
Total contract assets	138,476	41,490

The movements in the loss allowance for impairment of contract assets are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	457	7
Impairment losses (note 6)	1,195	450
At end of year	1,652	457

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on the aging of trade receivables for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

21. CONTRACT ASSETS (continued)

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	2025 RMB'000	2024 RMB'000
Expected credit loss rate	1.18%	1.09%
Gross carrying amount (RMB'000)	140,128	41,947
Expected credit losses (RMB'000)	1,652	457

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Prepayments	39,851	62,613
Value-added-tax recoverable	15,142	10,918
Deposits (a)	26,183	3,288
Loans to third parties	7,882	57,753
Staff advance	–	242
Other receivables and other assets (a)	31,437	9,572
Subtotal	120,495	144,386
Impairment	(4,105)	(606)
Total	116,390	143,780

- (a) The financial assets included in the above balances mainly relate to deposits and other receivables. In calculating the expected credit loss rate, the Group consider the historical loss rate and adjusts for forward-looking factors and information. During the year, the deposits and other receivables had no recent history of default and past due amounts. As at the end of the reporting period, the loss allowance was assessed to be minimal.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

23. CASH AND CASH EQUIVALENTS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	1,091,849	68,842
Less:		
Restricted bank deposits	57,837	18,580
Cash and cash equivalents	1,034,012	50,262
Denominated in RMB	408,649	60,510
Denominated in United States Dollar ("USD")	24,296	4,073
Denominated in Great Britain Pound ("GBP")	3,389	4,259
Denominated in Euro ("EUR")	4,719	–
Denominated in HKD	650,796	–
	1,091,849	68,842

At 31 December 2025, the Group's cash and cash equivalents and restricted bank deposits denominated in RMB amounted to RMB408,649,000 (2024: RMB60,510,000). The RMB is not freely convertible into other currencies, however, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and restricted bank deposits are deposited with creditworthy banks with no recent history of default.

24. TRADE AND BILLS PAYABLES

An aging analysis of the trade and bills payables as at the end of the reporting period, based on the date of service received/good purchased, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	1,254,123	435,533
1 to 2 years	37,475	3,354
Over 2 years	3,007	51
Total	1,294,605	438,938

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

24. TRADE AND BILLS PAYABLES (continued)

The trade and bills payables are non-interest-bearing and are normally settled in 3 to 6 months.

The Group has established supplier finance arrangements that are offered to some of the Group's suppliers in the Chinese mainland. Participation in the arrangements is at the suppliers' own discretion. Suppliers that participate in the supplier finance arrangements will receive early payments or payments at the original due dates on invoices sent to the Group from the Group's external finance provider. In order for the finance provider to pay the invoices, the goods must have been received or supplied and the invoices must have been approved by the Group. Payments to suppliers ahead of or at the invoice due date are processed by the finance provider and, in all cases, the Group settles the original invoice by paying the finance provider in line with the original invoice maturity date or at a later date as agreed with the finance provider. Payment terms with suppliers have not been renegotiated in conjunction with the arrangements. The Group provides no security to the finance provider.

All financial liabilities that are part of the supplier finance arrangements are included in interest-bearing bank borrowings in the statement of financial position. The financial liabilities that are part of the Group's supplier finance arrangements included in interest-bearing bank borrowings are normally settled within 180 days.

25. OTHER PAYABLES AND ACCRUALS

	Notes	2025 RMB'000	2024 RMB'000
Current			
Other taxes payable		22,205	2,820
Payroll and welfare payables		21,173	6,382
Other payables	(a)	82,879	8,047
Current portion of long-term payables	(b)	12,026	3,647
Subtotal		138,283	20,896
Non-current			
Long-term payables	(b)	32,004	16,893
Total		170,287	37,789

Notes:

- (a) The other payables are non-interest-bearing and have an average term of three months.
- (b) The long-term payables are due to equipment sale and leaseback financing and motor vehicle financing with pledge of related assets. The long-term payables are charged with interest at effective rates from 4.60% to 6.08% per annum.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

26. CONTRACT LIABILITIES

An analysis of contract liabilities arising from short-term advances received from customers is as follows:

	2025	2024
	RMB'000	RMB'000
Energy storage systems business	53,509	81,107
EPC services	32,638	1,000
Total	86,147	82,107

The movements in contract liabilities during the year were mainly due to the movements in short-term advances received from customers in relation to energy storage systems business and EPC services at the end of the reporting period.

27. INTEREST-BEARING BANK BORROWINGS

	2025	2024
	RMB'000	RMB'000
Current		
Bank borrowings, unguaranteed and unsecured	384,689	20,250
Bank borrowings, guaranteed	–	294,642
Bank borrowings, secured	10,008	–
Current portion of long-term bank borrowings, unguaranteed and unsecured	3,030	–
Current portion of long-term bank borrowings, secured	9,760	512
Subtotal	407,487	315,404
Non-current		
Bank borrowings, unguaranteed and unsecured	37,000	–
Bank borrowings, secured	50,461	2,144
Subtotal	87,461	2,144
Total	494,948	317,548

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

27. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Certain of the Group's bank borrowings are guaranteed or secured by:

- (a) the guarantee provided by certain substantial shareholders, directors and chief executive of the Group and a third-party guarantee company, amounting to Nil as at 31 December 2025 (2024: RMB294,642,000).
- (b) Certain of the Group's bank loans are secured by:
 - (i) mortgages over the Group's buildings, which had an aggregate carrying value at the end of the reporting period of RMB66,854,000 (2024: Nil);
 - (ii) mortgages over the Group's machinery and equipment, which had an aggregate carrying value at the end of the reporting period of approximately RMB5,218,000 (2024: Nil);
 - (iii) the pledge of certain of the Group's future trade receivables and equity of a subsidiary amounting to RMB3,174,000 (2024: 2,656,000);

The Group's interest-bearing bank borrowings are all denominated in RMB. The non-current borrowings will be repaid by instalments over two to seven years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

27. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

All of the Group's interest-bearing bank borrowings at the end of the reporting period are charged with interest at fixed rates, and accordingly the Group's interest-bearing bank borrowings had no interest rate risk exposure. The effective interest rates of the Group's interest-bearing bank borrowings at the end of the reporting period are as follows:

	2025 %	2025 Maturity	2024 %	2024 Maturity
Current				
Bank borrowings, unguaranteed and unsecured	2.10–3.01	2026	3.45–3.50	2025
Bank borrowings, guaranteed	/	/	2.00–3.80	2025
Bank borrowings, secured	2.90	2026	/	/
Current portion of long-term bank borrowings, unguaranteed and unsecured	2.40–3.00	2026	/	/
Current portion of long-term bank borrowings, secured	2.90–5.50	2026	5.50	2025
Non-current				
Bank borrowings, unsecured and unguaranteed	2.40–3.00	2027–2028	/	/
Bank borrowings, secured	2.90–5.50	2027–2032	5.50	2030

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

28. PROVISION

	Warranties RMB'000
At 1 January 2025	3,526
Additional provision	14,216
Amounts utilised during the year	(4,653)
At 31 December 2025	13,089
Portion classified as current liabilities	4,124
Non-current portion	8,965

	Warranties RMB'000
At 1 January 2024	2,150
Additional provision	3,217
Amounts utilised during the year	(1,841)
At 31 December 2024	3,526
Portion classified as current liabilities	1,680
Non-current portion	1,846

The Group generally provides warranties of 2 to 5 years to its customers on certain of its energy storage system business and EPC services for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on the Group's recent claims, past warranty data and the weight of the probabilities of warranty risks occurring during different periods. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

29. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Right-of-use assets RMB'000	2025 Accelerated tax depreciation RMB'000	Total RMB'000
At 1 January 2025	(10,359)	(4,143)	(14,502)
Credited/(charged) to profit or loss (note 10)	8,056	(446)	7,610
At 31 December 2025	(2,303)	(4,589)	(6,892)

Deferred tax assets

	Impairment of assets RMB'000	Lease liabilities RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Tax losses RMB'000	Unrealised profit RMB'000	Share-based payment RMB'000	Provision RMB'000	Government grants RMB'000	Total RMB'000
At 1 January 2025	1,818	10,215	-	-	1,428	1,163	585	212	15,421
Credited/(charged) to profit or loss (note 10)	3,320	(8,088)	-	1,647	33	697	1,650	(57)	(798)
Credited to other comprehensive income	-	-	351	-	-	-	-	-	351
At 31 December 2025	5,138	2,127	351	1,647	1,461	1,860	2,235	155	14,974

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

29. DEFERRED TAX (continued)

The movements in deferred tax liabilities and assets during the year are as follows: (continued)

Deferred tax liabilities

	Right-of-use assets RMB'000	2024 Accelerated tax depreciation RMB'000	Total RMB'000
At 1 January 2024	(10,561)	(1,497)	(12,058)
Credited/(charged) to profit or loss (note 10)	202	(2,646)	(2,444)
At 31 December 2024	(10,359)	(4,143)	(14,502)

Deferred tax assets

	Impairment of assets RMB'000	Lease liabilities RMB'000	Unrealised profit RMB'000	2024 Share-based payment RMB'000	Provision RMB'000	Government grants RMB'000	Total RMB'000
At 1 January 2024	410	10,667	–	543	375	–	11,995
Credited/(charged) to profit or loss (note 10)	1,408	(452)	1,428	620	210	212	3,426
At 31 December 2024	1,818	10,215	1,428	1,163	585	212	15,421

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

29. DEFERRED TAX (continued)

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

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	8,082	2,587
Net deferred tax liabilities recognised in the consolidated statement of financial position	–	(1,668)
Total	8,082	919

Deferred tax assets have not been recognised in respect of the following item:

	2025 RMB'000	2024 RMB'000
Tax losses:		
Expiring in one to ten years	6,588	469

Tax losses arising in the Chinese mainland will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

30. SHARE CAPITAL/PAID-IN CAPITAL

Shares

	2025 RMB'000	2024 RMB'000
Issued and fully paid:		
511,871,975 (2024: Not applicable) ordinary shares of RMB0.20 each	102,374	30,705

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

30. SHARE CAPITAL/PAID-IN CAPITAL (continued)

Shares (continued)

A summary of movements in the Company's share capital/paid-in capital is as follows:

	Notes	Number of shares in issue	Share capital/paid-in capital RMB'000
As at 1 January 2024		N/A	16,326
Capital contribution from shareholders	(a)	N/A	14,379
As at 31 December 2024		N/A	30,705
Conversion into a joint stock company	(b)	90,000,000	59,295
Capital contribution from shareholders	(c)	4,588,235	4,588
		94,588,235	94,588
Share subdivision	(d)	472,941,175	–
Issue of shares	(e)	38,930,800	7,786
As at 31 December 2025		511,871,975	102,374

Notes:

(a) In March 2024, the Company received capital contribution of RMB30,000,000 in cash from Kaibo Hongcheng (Hubei) Private Equity Investment Fund Partnership Enterprise (Limited Partnership) ("Kaibo Hongcheng"), of which RMB602,000 was credited to the Company's paid-in capital and RMB29,398,000 was credited to the Company's capital reserve.

In July 2024, the Company received capital contribution of RMB200,000 in cash from Wuxi Xiyun Management Consulting Partnership Enterprise (Limited Partnership), which was fully recognised in paid-in capital.

In October 2024, the Company received capital contributions of RMB200,000, RMB3,450,000, RMB450,000, RMB45,000 and RMB9,432,000 in cash from Mr. Liu Ziye, Wuxi Luanhua Management Consulting Partnership Enterprise (Limited Partnership), Wuxi Xiyun Management Consulting Partnership Enterprise (Limited Partnership), Wuxi Yuebai Management Consulting Partnership Enterprise (Limited Partnership) and Hainan Xuding Information Management Consulting Co., Ltd., respectively, which were fully recognised in paid-in capital.

(b) In March 2025, the Company was converted into a joint stock company with limited liability. The net assets of the Company as of the conversion base date amounting to RMB96,211,000 were converted into 90,000,000 ordinary shares of RMB1.00 each. The excess of net assets converted over the nominal value of the ordinary shares was credited to the Company's capital reserve.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

30. SHARE CAPITAL/PAID-IN CAPITAL (continued)

Shares (continued)

Notes: (continued)

- (c) In March 2025, the Company received capital contribution of RMB70,000,000 in cash from Kaibo Hongcheng, of which RMB4,117,000 was credited to the Company's share capital which was converted into 4,117,000 ordinary shares of RMB1.00 each and RMB65,883,000 was credited to the Company's capital reserve.

In April 2025, the Company received capital contribution of RMB30,000,000 in cash from Shenzhen Ningqian Investment Management Co., Ltd ("Shenzhen Ningqian"), of which RMB471,000 was credited to the Company's share capital and RMB29,529,000 was credited to the Company's capital reserve.

- (d) The sub-division of the shares by the Company, where the Company subdivided its share from one share of RMB1.0 each into five shares of RMB0.2 each, was approved on 18 April 2025 by the Company's then shareholders and effective upon the listing of the Company's share in the Main Board of the Stock Exchange of Hong Kong.
- (e) On 16 December 2025, the Company issued 38,930,800 ordinary shares with a nominal value of RMB0.20 each at a price of HK\$20.10 per share by way of initial public offering to global investors. Net proceeds after deducting the related listing fee from such issuance amounted to RMB655,401,000, of which RMB7,786,000 and RMB647,615,000 were credited to share capital and capital reserve, respectively.

31. SHARE AWARD SCHEMES

2022 Share award scheme

On 30 December 2022, the Company adopted a share award scheme (the "2022 Plan") for the purpose of providing incentives and rewards to eligible participants, in which selected employees of the Company are entitled to participate.

Wuxi Xiyun Management Consulting Partnership Enterprise (Limited Partnership) ("Wuxi Xiyun") and Wuxi Luanhua Management Consulting Partnership Enterprise (Limited Partnership) ("Wuxi Luanhua") were both established on 8 June 2023 by certain members of the then management and key employees of the Company as long-term equity incentive platforms under the 2022 Plan. The Company also granted certain restricted shares directly to Mr. Zhang Xi, the general manager of the Company, under the 2022 Plan of RMB1.00 per share. Pursuant to the 2022 Plan the subscription price of RMB1.00 per share for restricted shares was paid by the eligible participants to Wuxi Xiyun and Wuxi Luanhua, and the consideration paid by the eligible participants was then used by these equity incentive platforms to obtain paid-in capital of the Company through (i) capital contributions to the Company or (ii) acquisition of the paid-in capital of the Company from the major shareholder of the Company.

The restricted share granted will vest at the end of the 5-year service period from the date when grantees indirectly hold the equity of the Company through the platforms.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

31. SHARE AWARD SCHEMES (continued)

2022 Share award scheme (continued)

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these restricted share units. The Group accounts for the 2022 Plan as an equity-settled plan.

Restricted shares confer rights on the holders to dividends or to vote at shareholders' meetings.

The following restricted shares were outstanding under the 2022 Plan during the year:

	2025		2024	
	Grant price	Number of	Grant price	Number of
	per share	restricted	per share	restricted
	RMB	shares	RMB	shares
		'000		'000
At beginning of year	1	7,438	1	7,438
Granted during the year	–	–	–	–
At end of year	1	7,438	1	7,438

During the year ended 31 December 2025, share award expenses under the 2022 Plan of RMB3,617,000 (2024: RMB3,617,000) were charged to profit or loss.

The fair value of the restricted shares granted to employees under the 2022 Plan as at the grant date was determined with reference to the fair value of ordinary shares of the Company on the grant date, using the recent transaction price method to determine the underlying equity fair value of the Company.

2024 Share award scheme

On 30 June 2024, the Company adopted another share award scheme (the "2024 Plan") for the purpose of providing incentives and rewards to eligible participants, in which selected employees of the Company are entitled to participate.

Wuxi Jiqing Management Consulting Partnership (Limited Partnership) ("Wuxi Jiqing") was established on 14 October 2024 by certain members of the then management and key employees of the Company as a long-term equity incentive platform under the 2024 Plan. Pursuant to the 2024 Plan, the subscription price of RMB5.00 per share for the restricted shares was paid by the eligible participants to Wuxi Jiqing and the consideration paid by the eligible participants was then used by this equity incentive platform contributed by the platform to the Company to acquire the paid-in capital of the Company from the major shareholder of the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

31. SHARE AWARD SCHEMES (continued)

2024 Share award scheme (continued)

The restricted shares granted will vest at the end of the 5-year service period from the date when grantees indirectly hold the equity of the Company through the platform.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these restricted shares. The Group accounts for the 2024 Plan as an equity-settled plan.

Restricted shares confer rights on the holders to dividends or to vote at shareholders' meetings.

The following restricted shares were outstanding under the 2024 Plan during the year:

	2025		2024	
	Grant price	Number of	Grant price	Number of
	per share	restricted	per share	restricted
	RMB	shares	RMB	shares
		'000		'000
At beginning of year	5	527	–	–
Granted during the year	–	–	5	527
At end of year	5	527	5	527

During the year ended 31 December 2025, share award expenses under the 2024 Plan of RMB1,030,000 (2024: RMB516,000) were charged to profit or loss.

The fair value of the restricted shares granted to employees under the 2024 Plan as at the grant date was determined with reference to the fair value of ordinary shares of the Company on the grant date, using the discounted cash flow method to determine the underlying equity fair value of the Company, with the assistance of an independent third-party valuer. The following table lists the inputs to the model used to estimate the fair value of restricted shares granted ended 31 December 2024:

	2024
Dividend yield (%)	0%
Expected volatility (%)	53.23%
Risk-free interest rate (%)	2.4%
Discount rate	15%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

32. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(a) Share-based payment reserve

Share-based payment reserve is attributable to the fair value of the restricted shares of the Company granted to the Group's employees, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements.

(b) Statutory reserves

Statutory reserves represent the amount set aside from the retained profits by certain subsidiaries established in the PRC and is not distributable as dividend. In accordance with the relevant regulations, the Company's subsidiaries established in the PRC are required to allocate at least 10% of their after-tax profit according to the PRC accounting standards and regulations to statutory reserves until such reserves have reached 50% of registered capital. These reserves can only be used for specific purposes and are not distributable or transferable to loans, advances, or cash dividends.

(c) Capital reserve

The capital reserve represents the capital premium of the Company, as further explained in note 30 to the financial statements.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB22,426,000 (2024: RMB3,219,000) and RMB22,426,000 (2024: RMB3,219,000), respectively, in respect of lease arrangements for plant and equipment.

During the year, the Group had non-cash transactions to endorsed certain bills receivable of RMB333,497,000 (2024: RMB50,495,000) to certain of its suppliers in order to settle the trade payables.

During the year, the Group reclassified trade payables of RMB75,656,000 (2024: Nil) to interest-bearing bank borrowings in respect of the supplier finance arrangements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities

2025

	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000	Long-term payables (including current portion) RMB'000
At beginning of year	317,548	67,771	20,540
New leases	–	22,426	–
Increase arising from supplier finance arrangements	75,656	–	–
Interest expenses	–	580	–
Termination of leases	–	(46,769)	–
Additions to long-term payables	–	–	29,000
Changes from financing cash flows	101,744	(25,344)	(5,510)
At end of year	494,948	18,664	44,030

2024

	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000	Long-term payables (including current portion) RMB'000
At beginning of year	131,621	70,609	20,606
New leases	–	3,219	–
Interest expenses	–	2,321	–
Changes from financing cash flows	185,927	(8,378)	(66)
At end of year	317,548	67,771	20,540

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	2,310	1,969
Within financing activities	25,344	8,378
Total	27,654	10,347

34. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for:		
Purchase for constructions	13,926	1,055
Unpaid capital of investments in associates and joint ventures	400	1,350
Total	14,326	2,405

35. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with a related party during the year:

	2025 RMB'000	2024 RMB'000
Sales of products to an associate	65,060	–

All these transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

35. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties

The Group had the following outstanding balances with a related party as at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Trade receivables from an associate	13,230	–

(c) Compensation of key management personnel of the Group

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	7,984	1,235
Equity-settled share award expense	2,739	1,868
Post-employment benefits	102	28
Total	10,825	3,131

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

As at 31 December 2025

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income-Debt investments	Financial assets at fair value through other comprehensive income-Equity investments	Financial assets at amortised cost	Total
	Mandatorily designated as such				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments at fair value through other comprehensive income	-	-	765	-	765
Trade and bills receivables	-	292,347	-	928,487	1,220,834
Financial assets included in prepayments other receivables and other assets	-	-	-	54,566	54,566
Cash and cash equivalents	-	-	-	1,034,012	1,034,012
Restricted bank deposits	-	-	-	57,837	57,837
Total	-	292,347	765	2,074,902	2,368,014

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

36. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

Financial assets (continued)

As at 31 December 2024

	Financial assets at fair value through profit or loss Mandatorily designated as such RMB'000	Financial assets at fair value through other comprehensive income-Debt investments RMB'000	Financial assets at fair value through other comprehensive income-Equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	89,909	-	-	-	89,909
Equity investments at fair value through other comprehensive income	-	-	1,680	-	1,680
Trade and bills receivables	-	14,703	-	505,754	520,457
Financial assets included in prepayments other receivables and other assets	-	-	-	70,249	70,249
Cash and cash equivalents	-	-	-	50,262	50,262
Restricted bank deposits	-	-	-	18,580	18,580
Total	89,909	14,703	1,680	644,845	751,137

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

36. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

Financial liabilities

As at 31 December 2025

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	1,294,605
Financial liabilities included in other payables and accruals	126,909
Interest-bearing bank borrowings	494,948
Lease liabilities	18,664
Total	1,935,126

As at 31 December 2024

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	438,938
Financial liabilities included in other payables and accruals	28,587
Interest-bearing bank borrowings	317,548
Lease liabilities	67,771
Total	852,844

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

36. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Transfers of financial assets

Transferred financial assets that are not derecognised in their entirety

At 31 December 2025, the Group endorsed certain bills receivable accepted by banks in the Chinese mainland (the “Endorsed Bills”) with a carrying amount of RMB292,137,000 (2024: RMB10,399,000), to certain of its suppliers in order to settle the trade payables due to such suppliers (the “Endorsement”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills during the year to which the suppliers have recourse was RMB380,153,000 (2024: RMB14,791,000) at 31 December 2025.

Transferred financial assets that are derecognised in their entirety

At 31 December 2025, the Group endorsed certain bills receivable accepted by banks in the Chinese mainland (the “Derecognised Bills”) to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB333,497,000 (2024: RMB50,495,000). The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the “Continuing Involvement”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During the year ended 31 December 2025, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills (2024: Nil). No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

	2025 RMB'000	2024 RMB'000
Financial assets:		
Bills receivable		
Carrying amount	292,347	14,703
Fair value	292,347	14,703
Equity investments at fair value through other comprehensive income		
Carrying amount	765	1,680
Fair value	765	1,680
Financial investments at fair value through profit or loss		
Carrying amount	-	89,909
Fair value	-	89,909
Financial liabilities:		
Non-current portion of interest-bearing bank borrowings		
Carrying amount	87,461	2,144
Fair value	87,295	2,131
Non-current portion of financial liabilities included in other payables and accruals		
Carrying amount	32,004	16,893
Fair value	32,004	16,893

Management has assessed that the fair values of cash and cash equivalents, restricted bank deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals, and the current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The fair values of the non-current portion of interest-bearing bank borrowings, and financial liabilities included in other payables and accruals have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at the end of the reporting period were assessed to be insignificant.

The Group's senior management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of the reporting period, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the senior management.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of bank loans have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of wealth management products issued by commercial banks operating in the Chinese mainland included in financial assets at fair value through profit or loss have been estimated using the quotations provided by the relevant commercial banks, which requires the directors to estimate the expected yield and discount rate.

The fair value of bills receivable has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2025 and 2024:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments at fair value through other comprehensive income	Valuation multiples	Average price/sales multiple of peers	2.2 (2024: 1.9)	10% increase/decrease in multiple would result in decrease/increase (2024: increase/decrease) in fair value by RMB838,000 (2024: RMB168,000)
		Discount for lack of marketability	20.0% (2024: 25.6%)	10% increase/decrease in discount would result in decrease/increase in fair value by RMB934,000 (2024: RMB58,000)

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The following table illustrates the fair value measurement hierarchy of the Group's financial assets:

Assets measured at fair value:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments designated at fair value through other comprehensive income	-	-	765	765
Bills receivable	-	292,347	-	292,347
Total	-	292,347	765	293,112

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial investments at fair value through profit or loss	-	89,909	-	89,909
Equity investments designated at fair value through other comprehensive income	-	-	1,680	1,680
Bills receivable	-	14,703	-	14,703
Total	-	104,612	1,680	106,292

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

Liabilities measured at fair value:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Non-current portion of interest-bearing bank borrowings	-	87,295	-	87,295
Non-current portion of financial liabilities included in other payables and accruals	-	32,004	-	32,004
Total	-	119,299	-	119,299

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Non-current portion of interest-bearing bank borrowings	-	2,131	-	2,131
Non-current portion of financial liabilities included in other payables and accruals	-	16,893	-	16,893
Total	-	19,024	-	19,024

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank deposits and interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, and trade and bills payables, which arise directly from its operations.

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group mainly operates in the Chinese mainland with most of the Group's monetary assets, liabilities and transactions principally denominated in RMB, GBP, USD, EUR and HKD. The Group has not used any derivative to hedge its exposure to foreign currency risk.

The following table indicates the approximate change in the Group's profit before tax in response to reasonably possible changes in the GBP, USD, EUR and HKD exchange rates to which the Group has significant exposure at the end of the reporting period with all other variables held constant:

31 December 2025	Changes in exchange rate %	Increase/ (decrease) in profit before tax RMB'000
If the RMB weakens against the GBP	5	4,408
If the RMB strengthens against the GBP	(5)	(4,408)
If the RMB weakens against the USD	5	9,130
If the RMB strengthens against the USD	(5)	(9,130)
If the RMB weakens against the EUR	5	1,907
If the RMB strengthens against the EUR	(5)	(1,907)
If the RMB weakens against the HKD	5	32,541
If the RMB strengthens against the HKD	(5)	(32,541)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

31 December 2024	Changes in exchange rate %	Increase/ (decrease) in profit before tax RMB'000
If the RMB weakens against the GBP	5	4,475
If the RMB strengthens against the GBP	(5)	(4,475)
If the RMB weakens against the USD	5	6,502
If the RMB strengthens against the USD	(5)	(6,502)
If the RMB weakens against the EUR	5	480
If the RMB strengthens against the EUR	(5)	(480)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maximum exposure and year-end staging (continued)

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2025

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1	Stage 2	Stage 3	Simplified	
	RMB'000	RMB'000	RMB'000	approach RMB'000	
Trade and bills receivables*	292,347	-	-	949,311	1,241,658
Contract assets*	-	-	-	140,128	140,128
Financial assets included in prepayments, other receivables and other assets					
– Normal [#]	55,071	-	-	-	55,071
– Doubtful [#]	-	-	3,600	-	3,600
Cash and cash equivalents	1,034,012	-	-	-	1,034,012
Restricted bank deposits	57,837	-	-	-	57,837
Total	1,439,267	-	3,600	1,089,439	2,532,306

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2024

	12-month		Lifetime ECLs		Total RMB'000
	ECLs		Stage 3 RMB'000	Simplified approach RMB'000	
	Stage 1 RMB'000	Stage 2 RMB'000			
Trade and bills receivables*	14,703	–	–	514,039	528,742
Contract assets*	–	–	–	41,947	41,947
Financial assets included in prepayments, other receivables and other assets					
– Normal [#]	70,855	–	–	–	70,855
Cash and cash equivalents	50,262	–	–	–	50,262
Restricted bank deposits	18,580	–	–	–	18,580
Total	154,400	–	–	555,986	710,386

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 and note 21 to the financial statements.

[#] The credit quality of financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade and bills receivables are disclosed in note 20 to the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 December 2025

	On demand or less than one year RMB'000	One to five years RMB'000	Over five years RMB'000	Total RMB'000
Trade and bills payables	1,294,605	–	–	1,294,605
Financial liabilities included in other payables and accruals	94,905	36,589	–	131,494
Interest-bearing bank borrowings	413,650	83,286	12,744	509,680
Lease liabilities	4,181	15,352	–	19,533
Total	1,807,341	135,227	12,744	1,955,312

As at 31 December 2024

	On demand or less than one year RMB'000	One to five years RMB'000	Over five years RMB'000	Total RMB'000
Trade and bills payables	438,938	–	–	438,938
Financial liabilities included in other payables and accruals	11,694	23,114	–	34,808
Interest-bearing bank borrowings	326,867	–	2,728	329,595
Lease liabilities	67,626	207	–	67,833
Total	845,125	23,321	2,728	871,174

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes interest-bearing bank borrowings and lease liabilities. Capital includes equity. At the end of the reporting periods, the gearing ratios are as follows:

	2025 RMB'000	2024 RMB'000
Interest-bearing bank borrowings	494,948	317,548
Lease liabilities	18,664	67,771
Debt	513,612	385,319
Capital	1,053,657	192,792
Gearing ratio	48.75%	199.90%

39. EVENT AFTER THE REPORTING PERIOD

On 9 January 2026, the Company exercised the over-allotment option and issued an additional 5,839,600 ordinary shares with the net proceeds amounted to HK\$109.16 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		131,684	54,634
Right-of-use assets		33,690	67,907
Other intangible assets		4,569	1,848
Investments in associates and joint ventures		6,126	2,894
Investments in subsidiaries		22,380	22,230
Equity investments designated at fair value through other comprehensive income		765	1,680
Deferred tax assets		2,182	–
Total non-current assets		201,396	151,193
CURRENT ASSETS			
Inventories		304,762	91,140
Trade and bills receivables		1,187,333	454,154
Prepayments, other receivables and other assets		97,436	155,527
Financial assets at fair value through profit or loss		–	89,909
Contract assets		125,905	37,093
Restricted bank deposits		32,227	18,430
Cash and cash equivalents		967,077	31,338
Total current assets		2,714,740	877,591

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	31 December 2025	31 December 2024
Note	RMB'000	RMB'000
CURRENT LIABILITIES		
Trade and bills payables	1,183,608	423,446
Other payables and accruals	203,799	25,709
Contract liabilities	52,755	80,822
Interest-bearing bank borrowings	307,871	249,625
Lease liabilities	3,462	67,083
Tax payable	13,787	2,633
Provision	3,045	1,524
Total current liabilities	1,768,327	850,842
NET CURRENT ASSETS	946,413	26,749
TOTAL ASSETS LESS CURRENT LIABILITIES	1,147,809	177,942
NON-CURRENT LIABILITIES		
Lease liabilities	10,309	–
Long-term payables	15,192	407
Deferred tax liabilities	–	1,667
Provision	7,325	1,439
Interest-bearing bank borrowings	85,000	–
Total non-current liabilities	117,826	3,513
Net assets	1,029,983	174,429
EQUITY		
Share capital/paid-in capital	102,374	30,705
Reserves	927,609	143,724
Total equity	1,029,983	174,429

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	Statutory reserves RMB'000	Share-based payment reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2024	23,786	3,701	3,617	–	33,302	64,406
Profit for the year	–	–	–	–	45,786	45,786
Total comprehensive income for the year	–	–	–	–	45,786	45,786
Capital contributions from shareholders	29,399	–	–	–	–	29,399
Equity-settled share award expense	–	–	4,133	–	–	4,133
Appropriation of statutory reserves	–	4,579	–	–	(4,579)	–
At 31 December 2024 and 1 January 2025	53,185	8,280	7,750	–	74,509	143,724
Profit for the year	–	–	–	–	97,411	97,411
Other comprehensive loss for the year: Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	–	–	–	(1,905)	–	(1,905)
Total comprehensive income for the year	–	–	–	(1,905)	97,411	95,506
Capital contributions from shareholders	95,412	–	–	–	–	95,412
Conversion into a joint stock company	(46,974)	(3,701)	(6,975)	–	(1,645)	(59,295)
Transfer to statutory reserves	–	9,741	–	–	(9,741)	–
Share issue expenses	(54,593)	–	–	–	–	(54,593)
Issue of shares	702,208	–	–	–	–	702,208
Equity-settled share award expense	–	–	4,647	–	–	4,647
At 31 December 2025	749,238	14,320	5,422	(1,905)	160,534	927,609

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 20 March 2026.

FINANCIAL SUMMARY

	2025	2024	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	2,057,423	1,025,613	314,307	141,831
Cost of sales	(1,674,842)	(870,606)	(230,309)	(106,211)
Gross profit	382,581	155,007	83,998	35,620
Other income and gains, net	14,607	14,628	9,051	3,463
Research and development expenses	(62,598)	(31,578)	(16,811)	(3,787)
Administrative expenses	(75,336)	(26,125)	(14,157)	(3,224)
Selling and marketing expenses	(101,440)	(39,947)	(25,725)	(3,677)
Impairment losses on financial and contract assets, net	(17,233)	(7,353)	(1,513)	(255)
Other expenses, net	(162)	(337)	(2)	–
Profit from operations	140,419	64,295	34,841	28,140
Finance costs	(17,366)	(10,324)	(3,043)	(246)
Share of losses of associates	(7,228)	(151)	(5)	–
Profit before tax	115,825	53,820	31,793	27,894
Income tax expense	(12,912)	(4,701)	(3,645)	(3,617)
Profit for the year	102,913	49,119	28,148	24,277
Attributable to:				
Owners of the Company	102,859	49,119	28,133	24,280
Non-controlling interests	54	–	15	(3)
Non-current assets	231,069	167,966	106,743	4,907
Current assets	2,917,727	980,106	341,432	106,814
Total assets	3,148,796	1,148,072	448,175	111,721
Current liabilities	1,951,836	932,524	286,827	82,011
Non-current liabilities	143,303	22,756	66,685	925
Total liabilities	2,095,139	955,280	353,512	82,936

DEFINITIONS

“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“chief executive”	has the meaning ascribed thereto by the Listing Rules
“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, excluding Taiwan, the Macau Special Administrative Region and Hong Kong
“Company”	Guoxia Technology Co., Ltd. (果下科技股份有限公司), a joint stock company incorporated in the People’s Republic of China with limited liability
“Controlling Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules
“Dr. Bai”	Dr. Bai Yang, an executive Director
“Director(s)”	the director(s) of the Company
“Global Offering”	has the same meaning as defined in the Prospectus
“Group”, “our”, “we” or “us”	the Company and its subsidiaries
“H Share(s)”	ordinary share(s) issued by the Company, with a nominal value of RMB0.20 each, which is/are listed and trading on the Stock Exchange
“Hainan Xuding”	Hainan Xuding Information Management Consulting Co., Ltd.* (海南虛鼎信息管理諮詢有限公司), a company established in the PRC with limited liability

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Kaibo Hongcheng”	Kaibo Hongcheng (Hubei) Private Equity Investment Fund Partnership (Limited Partnership)* (凱博鴻成(湖北)私募股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC
“Listing”	the listing of the H Shares on the Main Board of the Stock Exchange
“Listing Date”	16 December 2025, the date on which dealings in the H Shares on the Stock Exchange first commence
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Mr. Feng”	Mr. Feng Lizheng, an executive Director
“Mr. Liu”	Mr. Liu Ziye, an executive Director
“Mr. Wang”	Mr. Wang Zhenlin, an executive Director
“Mr. Zhang”	Mr. Zhang Xi, an executive Director
“Nomination Committee”	the nomination committee of the Board
“Prospectus”	the prospectus of the Company dated 8 December 2025
“Remuneration Committee”	the remuneration committee of the Board
“Renminbi” or “RMB”	the lawful currency of the PRC

DEFINITIONS

“Reporting Period”	the year ended 31 December 2025
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) with nominal value of RMB0.20 each in the share capital of the Company, comprising H Shares and Unlisted Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“treasury shares”	has the meaning ascribed to it under the Listing Rules
“Unlisted Share(s)”	ordinary share(s) issued by the Company, with a nominal value of RMB0.20 each, which is/are not listed on any stock exchange
“Wuxi Jiqing”	Wuxi Jiqing Management Consulting Partnership (Limited Partnership)* (無錫霽青管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC and an employee incentive shareholding platform of the Company
“Wuxi Luanhua”	Wuxi Luanhua Management Consulting Partnership (Limited Partnership)* (無錫樂華管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC and a senior management incentive shareholding platform of the Company
“Wuxi Xiyun”	Wuxi Xiyun Management Consulting Partnership (Limited Partnership)* (無錫溪雲管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC and a core employee incentive shareholding platform of the Company

DEFINITIONS

“Wuxi Yuebai” Wuxi Yuebai Management Consulting Partnership (Limited Partnership)* (無錫月白管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC

“%” percent

The English translation of the original names in Chinese or another language of the nationals, entities, enterprises, organisations, institutions, government authorities, departments, facilities, awards, certificates, titles, laws and regulations concerned included in this annual report which are marked with “*” is for identification purpose only. To the extent that there is any inconsistency, the original names in Chinese or another language shall prevail.