



Wasion Holdings Limited
威勝控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3393)

**ENERGY METERING
& ENERGY SAVING
EXPERT** | **ANNUAL
REPORT
2025**

A futuristic server room with glowing blue lights and data patterns. The room is filled with rows of server racks, each illuminated with a bright blue light. The ceiling is also lit with blue light, and the floor reflects the light. In the foreground, there are several concentric circles and lines, suggesting a data visualization or a network diagram. The overall atmosphere is high-tech and digital.

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Ji Wei (*Chairman*)
Mr. Kat Chit
Ms. Li Hong
Ms. Zheng Xiao Ping
Mr. Tian Zhongping

NON-EXECUTIVE DIRECTOR

Ms. Cao Zhao Hui

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Cheong Tat
Mr. Luan Wenpeng (retired on 15 May 2025)
Mr. Jiang Xinjin (appointed on 15 May 2025)
Mr. Wang Yaonan

COMPANY SECRETARY

Mr. Choi Wai Lung Edward *FCCA, FCPA*

AUTHORISED REPRESENTATIVES

Mr. Ji Wei
Mr. Choi Wai Lung Edward *FCCA, FCPA*

AUDIT COMMITTEE

Mr. Chan Cheong Tat (*Chairman*)
Mr. Luan Wenpeng (retired on 15 May 2025)
Mr. Jiang Xinjin (appointed on 15 May 2025)
Mr. Wang Yaonan

NOMINATION COMMITTEE

Mr. Ji Wei (*Chairman*)
Mr. Chan Cheong Tat
Mr. Luan Wenpeng (retired on 15 May 2025)
Mr. Jiang Xinjin (appointed on 15 May 2025)

REMUNERATION COMMITTEE

Mr. Chan Cheong Tat (*Chairman*)
Mr. Ji Wei
Mr. Luan Wenpeng (retired on 15 May 2025)
Mr. Jiang Xinjin (appointed on 15 May 2025)

INTERNAL CONTROL AND RISK MANAGEMENT COMMITTEE

Mr. Chan Cheong Tat (*Chairman*)
Mr. Luan Wenpeng (retired on 15 May 2025)
Mr. Jiang Xinjin (appointed on 15 May 2025)
Mr. Wang Yaonan
Mr. Kat Chit
Ms. Li Hong

PRINCIPAL BANKERS

In Hong Kong:

Hang Seng Bank
China Construction Bank (Asia) Corporation Limited
Dah Sing Bank, Limited
The Bank of East Asia, Limited
Fubon Bank (Hong Kong) Limited
Bank of Communications Hong Kong Branch

In the People's Republic of China (the "PRC"):

China Construction Bank
Bank of Communications

LEGAL ADVISER

Sidley Austin
Level 39, Two International Finance Centre
8 Finance Street
Central
Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor under the
Accounting and Financial Reporting Council Ordinance
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

REGISTERED OFFICE

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P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

Units 706–7, 7/F, Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road
P.O. Box 1586
Grand Cayman
KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

COMPANY WEBSITE

www.wasion.com

STOCK CODE

3393

CORPORATE PROFILE

LEADING TOTAL SOLUTION PROVIDER OF ADVANCED METERING, ADVANCED DISTRIBUTION AND ENERGY EFFICIENCY MANAGEMENT

Wasion Holdings Limited (“Wasion Holdings” or the “Group”) is the leading total solution provider of advanced metering, advanced distribution and energy efficiency management in China, and is committed to becoming an “Energy Metering and Energy Saving Expert” in China and across the world. The Group was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in December 2005, which was the first professional syndicate engaged in energy metering and energy efficiency management in China listed overseas, as well as the first company in Hunan Province listed on the Main Board overseas.

Wasion Holdings has long been focusing on the research and development, production and sales of total solutions relating to energy metering and energy efficiency management, the products and services of which have been extensively applied in energy supply industries for electricity, water, gas and heat, and large energy-consuming units of large-scale public infrastructure, petroleum and chemical, transportation, communication, machine manufacturing, metallurgical and chemical fields and residents.

The advanced smart metering business of the Group mainly comprises of comprehensive smart meters, smart water meters, smart gas meters and ultrasonic calorimeters; various meters and power quality monitoring devices; on-device intelligent terminals under the comprehensive new power system and user management devices; measurement automation systems and various application systems, services and energy data mining. The Group, with more than 20% of the domestic market share of high-end power metering products, has built up its leading position in China and is the only professional manufacturer in China which provides various advanced energy metering products, systems and services for electricity, water, gas and heat, as well as satisfies the demand of the whole process from energy production, transmission and distribution to consumers.

The Group’s digital energy business provides specialized products and system solutions that focus on three core sectors, namely smart distribution network, data center and new energy storage. In the smart distribution network sector, offerings include smart switchgear, high-efficiency transformers and intelligent distribution solutions. In the data center sector, products include power distribution containers and modules, IT containers and skids, power distribution equipment, high-voltage direct current (HVDC) supply systems, etc., aiming at ensuring stable operation of power infrastructure. In the new energy storage sector, the business involves energy storage systems, photovoltaic-storage microgrids and charging-and-swapping solutions, facilitating efficient utilization of new energy sources. Such products and solutions are widely applied in scenarios such as IDC, AIDC, power grids, power generation, utilities, as well as industrial and commercial facilities.

In January 2020, the Group's "AI-Integrated Energy Efficiency Solutions" business — Willfar Information Technology Company Limited (Stock Code: 688100, hereinafter referred to as "Willfar Information"), a 59.55% owned subsidiary of the Group — became the first company in Hunan Province to list on the STAR Market and a nationally recognized specialized, refined, differential, and innovative "Little Giant" enterprise. Taking "Connecting the World with Internet of Things ("IoT"), Linking the Future with Chips" as its development strategy and leveraging "IoT + Chips + AI" as the core competitive advantage, Willfar Information deeply integrates perception, communication, edge computing with AI, thus constructing a comprehensive solution ecosystem that provides solutions across four trillion-dollar sectors: power grid infrastructure upgrades, dual-carbon goals and new power systems, industrial AI and digital intelligence, and computing power network construction, with communication-sensing-computing-storage chips and AI solutions as its technical foundation, as well as creating a full-scenario "computing-power integration" solution spanning power, water, smart cities and computing power collaboration. Through these efforts, Willfar Information is committed to delivering core value for the digital transformation and sustainable development of the energy industry.

By now, Willfar Information has been shortlisted as a constituent of several heavyweight indexes including SSE 100 Index, SSE STAR Artificial Intelligence Index, SSE STAR 100 Index, SSE STAR SRDI (Specialized, Refined, Differential, and Innovative) Enterprises Index, SSE STAR ESG Index and SSE SRDI Enterprises Index.

In 2025, the Group made significant achievements in the development of its overseas business. The Group established its international department in 2000 and began to expand overseas markets. After development for more than two decades, the Group has successively set up production lines in Tanzania, Brazil, Mexico, Hungary, Indonesia, Saudi Arabia and South Africa, truly realizing "localization" in its business mode and technological globalization in its development trend. This layout not only enhances the market competitiveness of Wasion Holdings globally, but also lays a solid foundation for the in-depth promotion of its internationalization strategy.

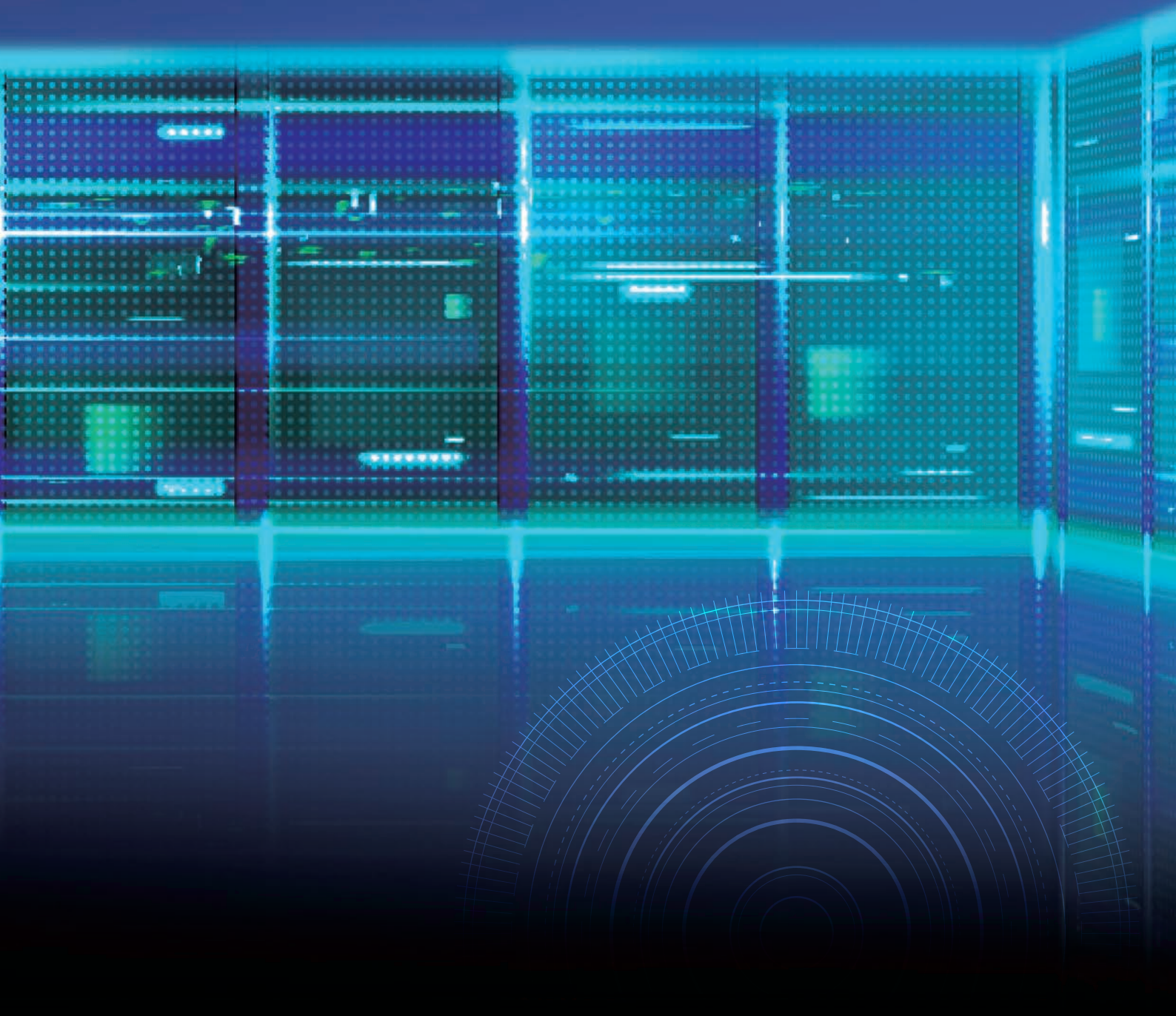
With green and low-carbon transformation of the global energy structure, the overseas layout of the Group also closely follows the development policies and market changes of various countries, and actively expands into various fields such as power distribution, energy storage, photovoltaic and battery swap. Wasion Holdings diversifies its business segments by exploring and exploiting new business areas, thus to inject new impetus into the Group's long-term growth.

The goals of "Carbon Neutrality" and "CO₂ Emission Peak" are driving substantial changes in energy production and energy consumption mode in China and even the world. Amidst the material social responsibility and development opportunities arisen from energy saving and carbon reduction as well as the substantial demand arisen from the transformation and upgrading of smart power grids to the internet of energy, Wasion Holdings will adhere to its corporate motto "Energy Metering and Energy Saving Expert" while upholding its core value "Perfect Work with Passion, and Success Achieved with Integrity" by continuous innovation and improvement in order to become the pioneer in smart power grids and smart metering in China, one of the major international smart power grids and smart metering providers and a well-known international brand.

In the future, every city, every enterprise and every family will be benefited from the use of the technology, products and services of Wasion.

CORPORATE SPIRIT:

BE COHESIVE, AMBITIOUS,
DOWN-TO-EARTH AND CREATIVE





CHAIRMAN'S STATEMENT

TO ALL SHAREHOLDERS,

On behalf of the board of directors ("Board") of Wasion Holdings Limited (the "Group"), I am pleased to present the operating results of the Group for the financial year ended 31 December 2025.

During the year under review, the Group achieved satisfactory performance with revenue reaching RMB10.07 billion, representing a year-on-year ("YoY") increase of 16%. The Group recorded growth in revenue from all three major business segments: a YOY increase of 14% in the Smart Grid Solutions business, a YOY increase of 9% in the AI-Integrated Energy Efficiency Solutions business, and a YOY increase of 23% in the Digital Energy Services business. Benefitting from higher sales revenue and sustained effective cost controls, the Group's net profit attributable to the owners of the parent surged 50% to RMB1.06 billion. Basic earnings per share stood at RMB1.069, representing an YOY increase of 50%. The Board proposed to pay a final dividend of HK\$0.48 per share, an increase from the previous year.

During the year, the Group renamed and refined the positioning of its three major business segments, namely Smart Grid Solutions, AI-Integrated Energy Efficiency Solutions and Digital Energy Services, respectively. Such change may not only further deepen and expand the connotation of the three major business segments, but also mark the advancement of the Group's business toward a higher stage of digital and intelligent development, driving the full upgrading of energy systems through digital and intelligent technologies.

In Smart Grid Solutions, the Group further consolidated its leading position in the domestic power grid market and achieved a breakthrough in its power metering transformer business. During the year, it won bids for centralized grid procurement projects for the first time during the year and secured bids in three consecutive procurement rounds, further expanding its market reach. In respect of product and research and development ("R&D"), the Group launched AI power meters and remote prepaid meter reading solutions, integrating a full range of metering products with Internet of Things ("IoT") and cloud services to enhance product intelligence and application value.

In AI-Integrated Energy Efficiency Solutions, the Group deeply integrates digital and intelligent technologies and steps up R&D investment in chips, communication modules and artificial intelligence ("AI"). Supported by a technical framework integrating "computing network, computing power, algorithms and data", the Group provides customers with comprehensive energy efficiency analysis, management and optimization services. Amid emerging application scenarios and growing market demand, the Group will continue to strengthen its core technological capabilities, improve product competitiveness and lift market penetration.

In Digital Energy Services, the Group focuses on the three core sectors, namely smart distribution grids, data centers and new-type energy storage, while advancing its power and computing synergy business covering the full "source-network-load-storage" value chain. During the year, the Group made encouraging progress across such sectors, and achieved breakthroughs in a number of domestic and overseas markets, further solidifying its business foundation.

Internationally, the Group continued to expand its global footprint, with overseas operations delivering impressive performance and making progress in markets across Asia, Africa, the Americas and Europe. By improving its overseas R&D, manufacturing and market network, the Group further improves its global delivery capacity and localized service standards, and continuously strengthens its competitive edge in global markets.

Looking ahead, the Group will continue to capitalize on opportunities arising from grid modernization, energy digitalization, AI applications and the global energy transition, and persist in promoting product innovation, overseas expansion and business synergy to consolidate its core competitive advantages and deliver better returns for shareholders.

Yours faithfully,

Ji Wei

Chairman

Hong Kong, 26 March 2026



MOTTOS OF OPERATION :

PERFECT WORK
WITH PASSION
AND SUCCESS
ACHIEVED WITH
INTEGRITY



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

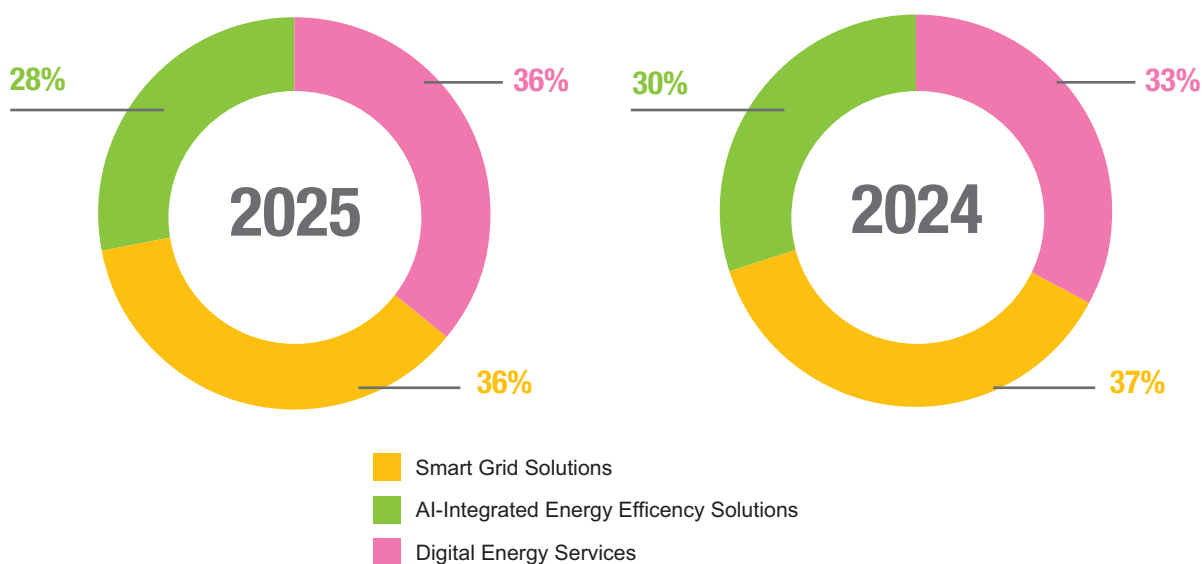
Financial Highlights

	2025 RMB'000	2024 RMB'000
Revenue	10,073,525	8,716,541
Gross profit	3,596,920	3,035,138
Profit attributable to owners of the Company	1,058,246	705,612
Total assets	17,582,912	15,726,898
Equity attributable to owners of the Company	6,235,758	5,432,607
Basic earnings per share (RMB)	1.069	0.714
Diluted earnings per share (RMB)	1.066	0.712

Key Financial Indexes

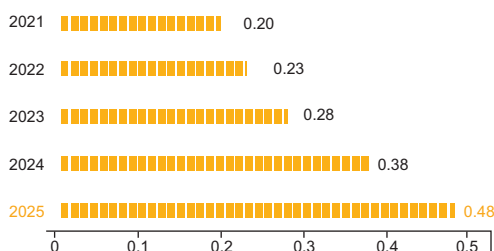
	2025	2024
Gross profit margin	36%	35%
Operating profit margin	18%	15%
Net profit margin	15%	12%
Return on equity of the shareholders (Note)	17%	13%
Current ratio	1.65	1.60
Quick ratio (Current assets excluding inventories divided by current liabilities)	1.47	1.43
Inventory turnover period (Days)	76	80
Trade receivable turnover period (Days)	234	218
Trade payable turnover period (Days)	311	291
Gearing ratio (Total borrowings divided by total assets)	14%	16%
Interest coverage (Operating profit divided by finance costs)	17.37	10.62

Note: Profit attributable to owners of the parent divided by equity attributable to owners of the parent.



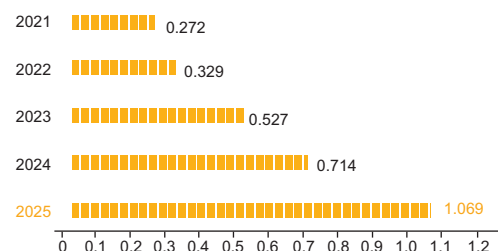
Dividend (HKD)

Year



EPS (RMB)

Year

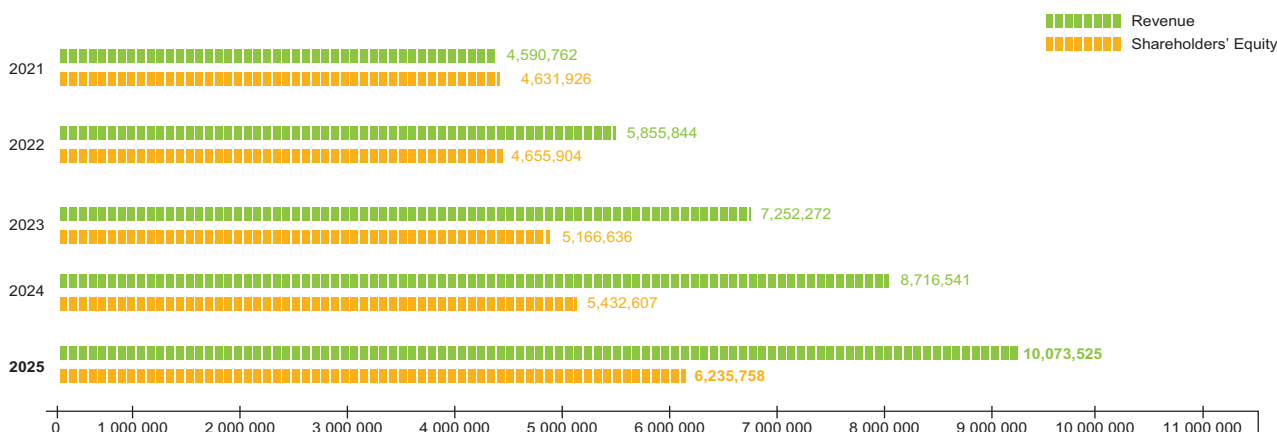


FIVE YEARS' FINANCIAL SUMMARY

Five Years' Financial Information

Year

RMB'000



Revenue Breakdown by Business Segments

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	10,073,525	8,716,541	7,252,272	5,855,844	4,590,762
Profit for the year attributable to owners of the Company	1,058,246	705,612	521,233	323,797	268,084
Total assets	17,582,912	15,726,898	13,880,119	13,026,055	12,672,139
Total liabilities	9,267,423	8,405,970	7,103,498	6,897,579	6,592,277
Equity attributable to owners of the Company	6,235,758	5,432,607	5,166,636	4,655,904	4,631,926

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW

Revenue

During the year under review, revenue increased by 16% to RMB10,073.53 million (2024: RMB8,716.54 million).

Gross Profit

The Group's gross profit increased by 19% to RMB3,596.92 million for the year ended 31 December 2025 (2024: RMB3,035.14 million). The overall gross profit margin is 35.7% in 2025 (2024: 34.8%).

Other Income

The other income of the Group amounted to RMB238.77 million (2024: RMB241.73 million) which was mainly comprised of interest income, government grants and refund of value-added tax.

Other gains and losses

Other losses for the year ended 31 December 2025 amounted to RMB0.30 million (2024: RMB8.79 million) which comprised mainly of net foreign exchange gains, fair value gains on forward currency contracts, not designated at hedging, customers penalty paid for delay of product delivery and gain on disposal of subsidiaries.

Operating Expenses

In 2025, the Group's operating expenses, including selling expenses, administrative expenses and research and development expenses amounted to RMB1,936.29 million (2024: RMB1,835.84 million). Operating expenses accounted for 19% of the Group's revenue in 2025, representing an decrease of 2% as compared with 21% in 2024.

Finance Costs

For the year ended 31 December 2025, the Group's finance costs amounted to RMB106.60 million (2024: RMB125.53 million). The decrease was mainly attributable to the decrease of bank borrowings and bank borrowings interest rates during the year.

Operating Profit

Earnings before finance costs and tax for the year ended 31 December 2025 amounted to RMB1,851.46 million (2024: RMB1,333.12 million), representing an increase of 39% as compared with last year.

Profit Attributable to Equity Shareholders of the Company

The profit attributable to equity shareholders of the Company for the year ended 31 December 2025 increased by 50% to RMB1,058.25 million (2024: RMB705.61 million) as compared with last year.

Liquidity and Financial Resources

The Group's primary sources of working capital and long-term funding needs include cash flows from operating and financing activities.

As at 31 December 2025, the Group's current assets amounted to approximately RMB13,318.82 million (2024: RMB11,774.07 million), with cash and cash equivalents totaling approximately RMB3,015.24 million (2024: RMB2,790.30 million).

As at 31 December 2025, the Group's total borrowings amounted to approximately RMB2,486.90 million (2024: RMB2,587.20 million), of which RMB1,400.82 million (2024: RMB1,615.72 million) will be due to repay within one year and the remaining RMB1,086.08 million (2024: RMB971.47 million) will be due after one year. In 2025, the interest rate for the Group's bank borrowings ranged from 1.23% to 9.40% per annum (2024: 1.00% to 12.12% per annum).

The gearing ratio (total borrowings divided by total assets) decreased from 16% in 2024 to 14% in 2025.

Emolument Policy

As at 31 December 2025, the Group had 5,448 (2024: 5,280) staff members. The staff costs (including other benefits and contributions to defined contribution retirement plan) amounted to RMB1,246.28 million (2024: RMB1,124.55 million) in 2025. Employee remuneration is determined on performance, experience and prevailing market conditions of the employees, with compensation policies being reviewed on a regular basis. The aggregate amount of the emoluments of the Company's directors was RMB8.97 million (2024: RMB8.65 million) in 2025.

The Group's employees in the PRC have enrolled in the mandatory central pension scheme operated by the State. The Group also provides housing allowances and benefits for medicine, employment injury and retirement for its staff in the PRC in accordance with the relevant PRC rules and regulations. The directors of the Company (the "Directors") confirm that the Group has fulfilled its obligations under the relevant PRC employment laws. The Group also set up the Mandatory Provident Fund Scheme for the employees in Hong Kong.

Share Option Scheme

The Company has adopted a share option scheme (the "Share Option Scheme") on 16 May 2016 whereby the Directors are authorised, at their discretion, to invite eligible participants, including directors of any company in the Group, to take up options to subscribe for ordinary shares in the Company.

The exercise price of options granted, as specified in the rules governing the Share Option Scheme, is to be not less than the highest of the official closing price of the ordinary shares of the Company on the Stock Exchange on the date of the offer of grant of the options, the average of the official closing price of the ordinary shares on the Stock Exchange for the five trading days immediately preceding the date of the offer of grant of the options and the nominal value of an ordinary share of the Company. For acceptance of options granted by the Company, an eligible participant is required to duly sign the duplicate offer document constituting acceptance of the options and remit HK\$1 to the company within 30 days from the date of receiving the offer of the options.

As at each of 1 January 2025 and 31 December 2025, the number of options available for grant under the Share Option Scheme was 101,688,167. No service provider sublimit was set under the Share Option Scheme.

The total number of shares available for issue under the Share Option Scheme was 101,688,167, representing approximately 10.21% of the issued shares of the Company as at the date of the annual report for the year ended 31 December 2025.

The Company has no outstanding options during the year ended 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Share Award Scheme

The Company adopted a share award scheme (the “Share Award Scheme”) on 3 May 2016. The purpose of the Share Award Scheme is to recognise the contribution by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group and also to attract suitable personnel for further development of the Group. The Share Award Scheme became effective on 3 May 2016 and, unless otherwise terminated or amended, will remain in force for 10 years.

The Share Award Scheme is administered by a trustee which is independent of the Group and its connected persons through the purchase of secondary shares. The maximum number of shares subject to the Share Award Scheme shall not exceed 10% of the total number of shares in issue. The maximum number of shares that may be awarded to a selected participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

No new shares would be allotted and issued to satisfy the awards granted under the Share Award Scheme. As at 31 December 2025, 5,266,000 (2024: 8,346,000) ordinary shares of the Company were held by the trustee for the Share Award Scheme.

Details of movements of awarded shares of the Group (“Awarded Shares”) during the year ended 31 December 2025 are as follows:

Name and category of participants	Number of Awarded Shares granted	Grant date	Vesting period	Number of Awarded Shares				
				As at 1 January 2025	Granted during the year	Vested during the year	Lapsed/ cancelled during the year	As at 31 December 2025
Tian Zhongping	300,000	20 March 2024	12 months from date of grant	300,000	—	(300,000)	—	—
	200,000	24 February 2025	12 months from date of grant	—	200,000	—	—	200,000
Employees	270,000	31 August 2023	12 months from date of grant	270,000	—	(270,000)	—	—
	2,750,000	20 March 2024	12 months from date of grant	2,750,000	—	(2,490,000)	(70,000)	190,000
	120,000	19 September 2024	12 months from date of grant	120,000	—	(20,000)	—	100,000
	2,540,000	24 February 2025	12 months from date of grant	—	2,540,000	—	(10,000)	2,530,000
Total				3,440,000	2,740,000	(3,080,000)	(80,000)	3,020,000

Notes:

- (i) Tian Zhongping is an executive director of the Company.
- (ii) The purchase price of all Awarded Shares in the above table is nil.
- (iii) For employees of the Group, the weighted average closing price of the Shares immediately before the date on which the Awarded Shares were vested during the year was HK\$8.94 per Share.
- (iv) 80,000 Awarded Shares granted were cancelled and no Award Shares granted were lapsed in accordance with the terms of the Share Award Scheme during the year ended 31 December 2025.

The following grants were made during the six months ended 30 June 2025:

Date of grant:	24 February 2025
Grantees:	Tian Zhongping, who is an executive director of the Company and 116 employees of the Group, being eligible participants under the Share Award Scheme
Number of Awarded Shares granted:	2,740,000 share awards (“Awards”)
Purchase price:	Each Award represents a conditional right upon vesting to obtain one share of the Company (“Share”) at nil purchase price
Closing price of the Shares immediately before date of grant:	HK\$9.02 per Share
Vesting period:	Twelve months from date of grant
Performance target:	There is no performance target attached to the Awards granted
The fair value of the Awards at the date of grant:	HK\$24,386,000

The fair value of services received in return for a share award granted is measured by reference to the fair value of the share award granted by the Group. The fair value of the share award granted is measured as the market value at the grant date and expensed over the relevant vesting period. The expected dividends during the vesting period had been taken into account when assessing the fair value of these awarded shares.

The number of Shares available for grant under the Share Award Scheme as at 1 January 2025 and 31 December 2025 were 89,147,968 and 86,407,968 respectively. The number of Shares that may be granted under the Share Award Scheme during the year ended 31 December 2025 divided by the weighted average number of shares in issue for the year ended 31 December 2025 was 8.68%.

Exchange Rate Risk

Most of the businesses of the Group are settled in Renminbi while businesses in foreign currencies are mainly settled in USD and EUR. The fluctuation of exchange rate of both currencies will have certain impact on the Group’s business which are settled in foreign currencies. As far as possible, the Group aims to achieve natural hedging by investing and borrowing in the functional currencies. Where a natural hedge is not possible, the Group will mitigate foreign exchange risks via appropriate foreign exchange contracts. During the year under review, after the termination of the exchange contracts brought forward from prior years, the Group did not further enter any forward contracts and management is still closely monitoring the fluctuation and take any actions if necessary.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Charge on Assets

As at 31 December 2025, the pledged deposits are denominated in Renminbi and are pledged to banks as security for bills facilities granted to the Group. In addition, the Group's certain buildings and leasehold land are pledged to banks as security for bank loans to the Group.

Capital Commitments

As at 31 December 2025, the capital commitments in respect of the acquisition of property, plant and equipment and investments in financial instruments contracted for but not provided in the consolidated financial information amounted to RMB115.69 million (2024: RMB61.29 million) and RMB48.4 million (2024: RMB56.00 million), respectively.

Contingent Liabilities

As at 31 December 2025, the Group had no material contingent liabilities.

MARKET REVIEW

Macro Environment

In 2025, the global economy continued its restructuring trend amidst the energy transition and geopolitical shifts. The acceleration of industrialization in overseas emerging markets has opened up new growth frontiers for the export of China's high-end manufacturing products. In the domestic market, the national economy demonstrated strong resilience in the face of complex internal and external environments. According to preliminary calculations by the National Bureau of Statistics, China's GDP in 2025 was RMB134.9 trillion, a 5% increase year-on-year ("YoY") at constant prices. The structural characteristics of economic operations remained distinct, exhibiting a pattern of "strong supply and weak demand" and "external demand outperforming domestic demand". During the year under review, China maintained a steady pace in its energy structure transition, with strong development momentum in clean and renewable energy, as well as accelerated progress in green and low-carbon energy. Data from the National Energy Administration showed that China's renewable energy generation reached 3.99 trillion kWh in 2025, representing a 15% increase YoY. Although the pace of domestic power grid investment slowed down, key segments of the new power systems, represented by photovoltaics, wind power, and energy storage, continued to experience rapid growth during the year.

In international markets, the global Artificial Intelligence ("AI") industry developed rapidly, leading to explosive growth in the demand for computing power. In North America and Europe, the expansion of AI computing power caused regional power shortages, affecting the construction progress of large-scale data center projects. This has driven a shift in power supply models from reliance on public grids toward an integrated model of "self-built green power generation + integrated energy storage". Furthermore, under the REPowerEU targets, the share of renewables in Europe's power generation is targeted to reach 42.5% by 2030. As Europe's energy transition enters an acceleration phase and power demand in emerging markets remains robust, global demand for power equipment and energy storage solutions has shown structural growth. Chinese enterprises are accelerating the global expansion of their technological advantages in fields such as ultra-high voltage, smart power meters, offshore wind power, and energy storage, thereby becoming a pivotal force supporting the global energy transition. The global market scale for smart power systems (referring to software-driven intelligent power systems applied in power generation, grids, and terminal consumption) was approximately USD3.431 billion in 2025, and the global energy management system market scale reached USD63.64 billion in the same year. In the smart grid market, the global market scale in 2025 was USD52.55 billion. The smart power distribution equipment market is expected to grow from approximately RMB600 billion in 2024 to approximately RMB704 billion in 2025, representing an increase of approximately 17.3% during the period.

Review of the Power Grid Industry and Major Policies

During the year under review, China's overall electricity consumption reached 10.37 trillion kWh, exceeding 10 trillion kWh for the first time and representing a 5% increase YoY. Electricity consumption by the China Southern Power Grid Company Limited ("Southern Grid") was 1.7994 trillion kWh across five provinces, surpassing 1.7 trillion kWh for the first time and marking a 5.4% increase YoY. During the year, electricity consumption for internet data services surged by 55.2% YoY, and electricity consumption for new energy vehicle manufacturing increased by 16.4% YoY. The volume of electricity traded in the market within the operational zones of the State Grid Corporation of China ("State Grid") reached 5.4 trillion kWh, representing an 8.5% increase YoY. The volume of new energy electricity traded in the market reached 1.07 trillion kWh, exceeding 1 trillion kWh for the first time and accounting for 57% of new energy generation. In terms of power grid investment, State Grid invested over RMB650 billion in fixed assets in the year 2025 and Southern Grid arranged investment of RMB175 billion in fixed assets for 2025, both setting new record highs. Breakthroughs were also achieved in key grid-related project constructions. By the end of 2025, State Grid had cumulatively completed 42 ultra-high voltage ("UHV") projects, with cross-provincial and cross-regional transmission capabilities reaching 370 million kW. During the year under review, UHV projects such as Datong-Huailai-Tianjin South and Inner Mongolia West-Beijing-Tianjin-Hebei commenced construction successively, while four UHV projects, namely Longdong-Shandong, Hami-Chongqing, Ningxia-Hunan, and Jinshang-Hubei, were completed and put into operation with high quality. In terms of new energy development, the southern five provinces added over 75 million kW of new energy installed capacity in 2025, with the total new energy installed capacity exceeding 260 million kW. The share of non-fossil energy installed capacity reached 66%, the share of electricity generation reached 55%, and the utilization rate of renewable energy power generation hit 97.5%.

Looking ahead, State Grid's fixed asset investment during the "15th Five-Year Plan" period is expected to reach RMB4 trillion, an increase of 40% compared to the "14th Five-Year Plan" period. This will promote an average annual addition of around 200 million kW of newly installed wind and solar power capacity in its operational zones, helping to steadily increase the share of non-fossil energy consumption to 25%. Southern Grid's fixed asset investment arrangement for 2026 is set at RMB180 billion, marking a record high for the fifth consecutive year, with an average annual growth rate of 9.5%. The investment will focus on areas such as the construction of new power systems, the development of strategic emerging industries, and the enhancement of high-quality power supply services, collectively supporting the goals of clean and low-carbon energy development.

During the year under review, global energy policies shifted from "incentive subsidies" to "trade barriers and market drivers," while China focused on high-quality new energy consumption and absorption and electricity market reform. State Grid and Southern Grid continued to advance the construction of new power systems, accelerating digital and intelligent transformation.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In 2025, a series of national policies were frequently released. In February, the National Development and Reform Commission (“NDRC”) and the National Energy Administration (“NEA”) jointly issued the “Notice on Deepening the Market Reform of New Energy On-Grid Electricity Prices and Promoting the High-Quality Development of New Energy”, aiming to fully integrate new energy-generated electricity into the power market, thereby driving demand for smart power meters capable of time-of-use metering and real-time pricing response. In March, five national departments including the NDRC issued the “Guidelines on Promoting the High-Quality Development of the Renewable Energy Green Certificate Market”, fostering market demand for smart power meters with green power identification and statistical functions. In the field of new energy and energy storage, in June 2025, the NDRC issued the “Notice on Organizing the First Batch of Pilot Projects for New Power System Construction”, specifically promoting the computing power-electricity synergy and the large-scale application of virtual power plants. This was followed by energy storage capacity electricity price compensation policies introduced by local governments in Inner Mongolia, Gansu, and other regions, establishing market-based revenue mechanisms. In July, the NDRC and NEA issued the “Basic Rules for Power Market Metering and Settlement” and the “Action Plan for Metering to Support the Development of New Quality Productive Forces (2025–2030)”, stimulating demand for non-grid market metering equipment and promoting the domestic development of high-end metering instruments. Regarding power grid investment, in December, State Grid announced a planned investment of approximately RMB4 trillion during the “15th Five-Year Plan” period, and Southern Grid estimated a fixed asset investment arrangement of RMB180 billion for 2026, both setting new historical highs.

As for overseas markets, in September 2025, the Ministry of Industry and Information Technology, the State Administration for Market Regulation, and the NEA released the “Work Plan for Stable Growth in the Power Equipment Industry (2025–2026)”, actively guiding enterprises to strategically expand overseas and integrate into international supply chains. It also aims to deepen full-industry-chain cooperation with emerging market countries in areas such as wind power, photovoltaics, and energy storage, guiding enterprises to carry out overseas expansion in a rational and orderly manner. The plan encourages energy developers, equipment manufacturers, and financial institutions to “go global as a group,” promotes the integration of component enterprises into overseas supply chains, and continuously enhances the brand image of China’s power equipment. In early 2025, State Grid achieved a major breakthrough in Saudi Arabia. The 500MW/2,000MWh Bisha Energy Storage Station, the world’s largest single-unit-capacity electrochemical energy storage project constructed by State Grid, officially commenced live trial operation. This not only drove the export of over RMB3 billion worth of domestically produced equipment but also provided crucial support for Saudi Arabia’s “Vision 2025” energy transition. Meanwhile, Southern Grid continued to deepen its presence in Southeast Asia. In July, it signed a cooperation agreement with Perusahaan Listrik Negara of Indonesia to conduct joint research on energy storage construction planning and technology application in Indonesia, promoting the “CSG Solution” going global through high-end consulting services. At the same time, adapting to the “market-for-technology” trend, it actively followed up on battery energy storage projects in Malaysia and advanced feasibility studies. It also initiated framework procurement for energy storage technical support services targeting markets in Asia, Europe, and South America, preparing for its global expansion in the energy storage sector.

Market Review of Global Smart Power Systems and Global Energy Management Systems

During the year under review, as the world accelerated its transition toward a low-carbon economy, technological innovations such as data centers, AI, and machine learning were increasingly applied to smart power systems. The global smart power system and smart energy management markets began to undergo deep integration, ushering in unprecedented development opportunities. In 2025, the global smart power system market scale was approximately USD3.431 billion and is expected to expand significantly at a compound annual growth rate (“CAGR”) of approximately 14.7% from 2025 to 2033. The global energy management system market scale reached USD63.64 billion in 2025 and is projected to grow from USD73.49 billion in 2026 to USD150.83 billion in 2031, with a forecast CAGR of 15.5% from 2026 to 2031. This reflects the global decarbonization regulations that will be more stringent, the rapid deployment of smart grids, and the increasing net-zero emission targets of enterprises. These factors have elevated real-time energy optimization from an optional feature to an indispensable necessity.

Moreover, utilities worldwide are implementing advanced metering infrastructure on a large scale to provide the granular data required by operators, which will be combined with AI-driven analytical technology to enable self-healing grid functions and reduce operating costs. Meanwhile, in recent years, multiple multinational corporations have signed large-scale renewable energy Power Purchase Agreements (PPA), which will require investment in advanced energy management systems for functions such as hourly tracking, certificate management, and carbon accounting. In addition to climate policies, fluctuations in commodity prices and rising carbon costs have further bolstered demand in the energy management system market, prompting enterprises to pursue double-digit cost savings and build resilience against supply-side impacts.

Market Review of Smart Grids and Smart Power Distribution Equipment

In 2025, due to the global emphasis on energy conservation and carbon reduction and the successive introduction of supporting regulations, coupled with the potential of traditional power grids to become more reliable and resilient infrastructure through intelligent transformation, the smart power distribution equipment and smart grid markets continued to grow, thereby moving toward a vision of deep “power grid edge intelligence”. The global smart grid market scale was USD52.55 billion in 2025 and is expected to reach USD259.15 billion by 2035, with a CAGR of 17.3% during the forecast period from 2026 to 2035.

In the smart power distribution equipment market, according to data from Frost & Sullivan, the global smart power distribution equipment industry maintained steady growth, expected to increase from approximately RMB600 billion in 2024 to approximately RMB704 billion in 2025, with an increase of approximately 17.3% for the period. Driven by the rapid deployment of new energy and power grid planning and layout, accelerated development of overseas markets, continuous optimization of power grid structure, digitalization of power grid construction, and growing demand for grid intelligence, the market scale of the global smart power distribution equipment industry is expected to reach approximately RMB1,146 billion by 2029, with a CAGR of approximately 13.8% from 2024 to 2029. Domestically, China’s demand for smart power distribution equipment is closely linked to the scale and structure of power grid investment. Supported by the continuous reinforcement of distribution networks and the ongoing digital and intelligent upgrading of power systems, the application of smart power distribution equipment is expected to deepen in downstream sectors, including power grids, data centers, industrial and commercial facilities, infrastructure, and telecommunications networks. The domestic smart power distribution equipment market scale is expected to grow from approximately RMB106 billion in 2024 to approximately RMB127.7 billion in 2025, a growth rate of approximately 20.5%. The market scale of China’s smart power distribution equipment industry is expected to reach approximately RMB247.1 billion by 2029, with a CAGR of approximately 18.4% from 2024 to 2029.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Change of Business Segment Names

To more accurately reflect the current status and future strategic direction of the Group's business development, after careful deliberation by the management, a decision has been made to update the names of the existing three business segments. This update is primarily based on the deepening and expansion of the business substance, aiming to provide clearer positioning, more prominent technological focus for each segment, and to ensure alignment with industry development trends and the Group's long-term vision. The specific adjustments and explanations are as follows:

(1) “Power Advanced Metering Infrastructure” has been updated to “Smart Grid Solutions”

This business has evolved from focusing on power metering infrastructure to deepening and expanding into providing full-stack intelligent solutions for power grid planning, operation, monitoring, maintenance, and optimization by leveraging intelligence technologies such as artificial intelligence and machine learning. The new name more precisely reflects the Group's core capability in driving power grid intelligence upgrades with advanced technologies.

(2) “Communications and Fluid Advanced Metering Infrastructure” has been updated to “AI-Integrated Energy Efficiency Solutions”

This business has moved beyond the traditional scope of communications and fluid (water, gas, heat) metering, evolving into a service that deeply integrates digitalization and intelligent technologies, incorporates AI algorithms, and provides customers with comprehensive energy efficiency analysis, management, and optimization services. The new name clarifies the Group's value proposition of enabling energy efficiency improvement through “Data + Intelligence”.

(3) “Advanced Distribution Operations” has been updated to “Digital Energy Services”

This business has always focused on the deep integration of digital technology and energy industry. However, it has expanded from the single field of smart power distribution to include data centers and new energy storage-related areas, forming three major business sectors. These three sectors correspond to the “grid, load, and storage” links, collectively building a digital energy solution system that covers the entire chain of “generation, grid, load, and storage.” The focus is on the synergistic development of power and computing capabilities, and the Group's vision has been adjusted to becoming a leading digital energy service provider in the AI era.

This change in business segment names is a natural step in the Group's development process, marking that the Group's business has entered a new stage of empowering comprehensive upgrades of the energy system with advanced digital intelligence technologies. The name change will not affect the existing business structure, contract fulfillment, or customer service. The Group will remain committed to creating sustainable value for shareholders, customers, and society through technological innovation.

Review of the Group's Overall Performance

As an expert in managing energy metering and energy efficiency, the Group recorded a total turnover of RMB10,073.53 million (2024: RMB8,716.54 million) in its three main business segments during the year under review, representing a 16% increase YoY; and a gross profit of RMB3,596.92 million (2024: RMB3,035.14 million), representing a 19% increase YoY. The Group's overall gross profit margin was 35.7% (2024: 34.8%). Net profit attributable to the Company's owners was RMB1,058.25 million (2024: RMB705.61 million), representing a 50% increase YoY.

BUSINESS REVIEW

Smart Grid Solutions

Business Overview

Smart Grid Solutions (formerly known as “Power Advanced Metering Infrastructure”) business focuses on providing full-stack intelligent solutions for power grid planning, operation, monitoring, maintenance, and optimization by leveraging cutting-edge technologies such as artificial intelligence and machine learning. The business not only continues the research and development (“R&D”), production and sale of high-quality smart power meters (including single-phase, three-phase, and high-end smart power meters), power transformers, online monitoring and other smart metering devices, but also deeply integrates AI algorithms and big data analytics to help customers build safe, reliable, and green modern power grids. Smart Grid Solutions business primarily serves power grid and non-power grid industrial customers, both domestically and overseas. Power customers include State Grid, Southern Grid, Inner Mongolia Power Group, China Three Gorges Power Corporation, local power companies, five major power generation groups, new energy power generation units, overseas power companies and overseas engineering, procurement and construction (“EPC”) general contractors. Non-power grid industrial customers range from telecommunication operators to large-scale public infrastructures, petroleum & petrochemicals, transportation, machine manufacturing, iron and steel metallurgical industries, and residential users.

Review of Business

During the year under review, the Group’s Smart Grid Solutions business recorded a turnover of RMB3,652.10 million (2024: RMB3,198.76 million), representing an increase of 14% YoY and accounting for 36% of the Group’s total turnover (2024: 37%). The revenue contribution from domestic and overseas customers is 53% and 47% respectively (2024: 49% and 51%).

Order Data in the Year under Review

During the year under review, Smart Grid Solutions business secured domestic orders amounting to approximately RMB1,464 million (2024: RMB2,040 million), representing a YoY decrease of 28%. Among these, the value of bids won from grid customers decreased by 41% YoY to over RMB 915 million (2024: RMB1,561 million). The primary reasons for this decline were cyclical fluctuations in domestic industry demand, intense market competition, volatility in the scale of centralized grid procurement, and procurement delays. Nevertheless, the Group’s subsidiary Wasion Group Limited (“Wasion Group”), continued to rank among the top players in the domestic power meter industry. Additionally, Wasion Group expanded its smart grid solutions business by introducing power transformer products, achieving a performance breakthrough and securing consecutive bids.

Review of Smart Grid Solutions Business Development and Relevant Policies

During the year under review, Wasion Group achieved a breakthrough in its power metering transformer business, winning bids for centralized grid procurement projects for the first time during the year and securing bids in three consecutive procurement rounds, with performance covering the entire range of medium- and low-voltage power metering transformers. Furthermore, in 2025, Wasion Group performed well in bidding for regional power companies across China, securing a significant share in the Inner Mongolia local power companies and the Shanxi local power companies. As for the non-power grid business, benefiting from the rapid growth in domestic demand for new energy, the contract value for the Group’s gateway products increased by more than 30% during the year. The Group’s newly launched digital power supply products were rapidly deployed in the domestic telecommunications operator market, which will bring new business opportunities and growth sources. Moving forward, the Group’s smart metering and energy efficiency management solutions for the industry will see sustained development, delivering stable performance contributions across telecommunications, high-energy-consuming industries, and large-scale properties.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Regarding government policies, in February 2025, the NDRC and the NEA jointly issued the “Notice on Deepening the Market Reform of New Energy On-Grid Electricity Prices and Promoting the High-Quality Development of New Energy”. The notice stipulated that all grid-connected new energy generation must participate in power markets, with on-grid electricity prices determined by the market. It distinguished between existing and incremental projects and established a price settlement mechanism for the sustainable development of new energy. The establishment of the new energy price settlement mechanism will drive the demand for power meters tailored to the characteristics of new energy generation, such as time-of-use metering, real-time pricing response, bidirectional metering, wide range, and high precision. The Group’s gateway meters fully meet all the above requirements. In March, five national departments including the NDRC and the NEA, issued the “Guidelines on Promoting the High-Quality Development of the Renewable Energy Green Certificate Market”, which explicitly formulated technical standards, rules, and labels related to green electricity consumption certification. It encouraged third-party certification institutions to provide green electricity consumption certification for different industries and fields. This policy will foster the market demand for smart power meters with green electricity identification and statistical functions. The Group’s existing carbon metering power meters fully meet the needs of green electricity consumption metering. In July, the NDRC and the NEA issued the “Basic Rules for Power Market Metering and Settlement”, which came into effect on 1 October 2025. The Rules required accelerating the construction of a unified national power market and strengthening the management of metering and settlement in the power market. These Rules specified that market operators must install metering devices that meet standards and standardized the timing requirements for data transmission, driving demand growth in the non-grid market. This includes the coverage of metering equipment for distributed energy, meeting data collection frequency requirements, and solving data transmission delay issues, leading to the need for intelligent transformation of user-side metering equipment. In the same month, the State Administration for Market Regulation and the Ministry of Industry and Information Technology released the “Action Plan for Metering to Support the Development of New Quality Productive Forces (2025–2030)”, which prioritized high-end metering instruments as a key focus for domestic breakthroughs. China continues to increase support for high-end metering equipment. Besides, during the year under review, the installation of new energy continued to expand, with a surge in demand for grid connection of distributed photovoltaics, wind power, and energy storage projects. The number of gateway metering points on the generation side, transmission side, and user side has significantly increased, jointly driving the demand for gateway metering equipment.

Prospects for Smart Grid Solutions Business

As for the power grid market, from the end of 2025 to the beginning of 2026, multiple national departments, along with State Grid and Southern Grid, successively issued guidance documents and investment plans to further clarify the path for high-quality power grid development. On 31 December 2025, the NDRC and the NEA jointly issued the “Guiding Opinions on Promoting the High-quality Development of Power Grids” (Fa Gai Neng [2025] No. 1710). The document stipulated that a new power grid platform based on transmission and distribution networks and supplemented by smart microgrids would be basically established by 2030, and explicitly required “carrying out power grid investment and construction in a moderately proactive manner while avoiding excessive investment, and strengthening the upgrading and transformation of existing power grids”. Subsequently, State Grid announced on 15 January 2026 that its fixed asset investment during the 15th Five-Year Plan period is expected to reach RMB4 trillion, a 40% increase over the 14th Five-Year Plan period. It plans to add an annual average of approximately 200 million kW of wind and solar new energy installations within its operating areas, aiming to increase the proportion of non-fossil energy consumption to 25% and the share of electricity in terminal energy consumption to 35%. Southern Grid proposed at the beginning of 2026 to “stabilize growth and expand investment”, focusing on consolidating and enhancing distribution networks, cultivating strategic

emerging industries, and advancing digital and intelligent transformation as well as equipment upgrading and retrofitting. In the first quarter of 2026 alone, its power grid infrastructure construction investment plan exceeded RMB24 billion, an increase of more than 20% YoY. The Group will closely follow policy and industry investment directions to capture market opportunities arising from power grid upgrades and equipment renewals. Furthermore, benefiting from the adoption of new technical specifications for smart meters by State Grid and Southern Grid, the unit prices of related products are expected to rise in 2026. Given that the number of centralized procurement rounds by State Grid and Southern Grid in 2025 was lower than in prior years, the Group expects its share in the centralized procurement of metering equipment by State Grid and Southern Grid to grow in 2026 as compared with 2025.

The non-power grid market is closely linked with macroeconomic fundamentals. Looking ahead to 2026, according to the forecasts of institutions and experts, China's GDP growth is expected to be in the range of 4.5% to 5.0%. While achieving this growth target will face multiple challenges, it will also be supported by a range of pro-growth policies. On the challenges front, the economy faces external pressures including recurring China-US trade frictions, weakening global demand and geopolitical uncertainties; internally, its growth is constrained by factors such as the property market adjustment, local government debt pressure and demographic changes. As a result, the long-term growth potential of the economy is under pressure. As 2026 marks the inaugural year of the 15th Five-Year Plan, policies will remain proactive, with the deficit ratio expected to stay at around 4% and increased issuance of government bonds, focusing on supporting infrastructure, livelihoods, and new infrastructure construction. Industrial policies will focus on new productive forces to promote manufacturing upgrades and breakthroughs in key technologies, thereby enhancing supply chain resilience. In view of this, the Group will focus on infrastructure, new energy, and key industrial projects, consolidating core markets including major clients, complete non-power grid sets, and telecommunications operators, while expanding cooperation with power plants and imported meter distributors to broaden coverage. The Group will also deepen the smart metering solutions business, focusing on pain points in seven major industries. Taking energy metering and energy efficiency management as entry points, the Group will promote business expansion and new product development to cultivate new profit growth drivers. Additionally, according to authoritative estimates by the IEA, global power grid investment is expected to reach USD1.7 trillion in 2026, power infrastructure upgrading and energy transition will accelerate, and overseas demand as well as the export market for smart meters will remain positive. The Group will collaborate with central state-owned enterprises and EPC contractors to expand overseas.

AI-Integrated Energy Efficiency Solutions

Business Overview

As a leading comprehensive solution provider in energy digitalization, the Group takes "Connecting the World with Internet of Things ("IoT"), Linking the Future with Chips" as its development strategy and leverages the core competitive advantage of "IoT + Chips + AI" to drive industry advancement. It deeply integrates digitalization and intelligent technologies, incorporates AI algorithms, and provides customers with comprehensive energy efficiency analysis, management, and optimization services. Driven by opportunities presented by the "Dual Carbon" goals, new power systems, and global energy transformation, the Group is committed to co-developing digital power grids and smart cities, promoting green low carbon energy transition and continuous upgrades of the global energy IoT ecosystem.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

AI-Integrated Energy Efficiency Solutions (formerly known as the “Communication and Fluid Advanced Metering Infrastructure”) business is operated by Willfar Information Technology Co., Ltd. (stock code: 688100, a 59.55% shareholding subsidiary of the Group, hereinafter referred to as “Willfar Information”), which is the first company in Hunan Province listed on the STAR Market of the Shanghai Stock Exchange (“SSE”). To date, Willfar Information has been shortlisted as a constituent of several heavyweight indexes including SSE 100 Index, SSE STAR Artificial Intelligence Index, SSE STAR 100 Index, SSE STAR Composite Index, SSE 380 Index, SSE STAR SRDI (Specialized, Refined, Differential, and Innovative) Enterprises Index, SSE STAR ESG Index, SSE SRDI Enterprises Index, SSE STAR Private Enterprises Index, CSI 500 Index and Hunan 50 Index.

Review of Business

During the year under review, the Group’s AI-Integrated Energy Efficiency Solutions business recorded a turnover of RMB2,857.13 million (2024: RMB2,614.80 million), representing a 9% increase YoY and accounting for 28% of the Group’s total turnover (2024: 30%). The revenue contribution from domestic and overseas customers is 80% and 20% respectively (2024: 84% and 16%).

Order Data in the Year under Review

As of 31 December 2025, the value of signed contracts on hand for the AI-Integrated Energy Efficiency Solutions business reached RMB4,059 million. Newly signed contracts reached RMB3,708 million, strongly underpinning the Group’s future performance.

Review of AI-Integrated Energy Efficiency Solutions Business Development and Relevant Policies

During the year under review, China promulgated a number of policies to advance the development of green energy and leverage AI to promote high-quality energy supply and management, thus establishing clear guidelines and a well-defined roadmap for the development of smart energy management.

In January 2025, the NDRC and the NEA jointly issued the “Notice on Deepening the Market Reform of New Energy On-Grid Electricity Prices and Promoting the High-Quality Development of New Energy”. The notice stipulated that all grid-connected new energy generation must participate in power markets, with pricing determined through medium-to-long term contracts and spot trading, while inter-provincial transactions will be conducted in accordance with existing regulations. In March, the NDRC, the NEA, the Ministry of Industry and Information Technology, the Ministry of Commerce, and the National Data Administration jointly issued the “Guidelines on Promoting the High-Quality Development of the Renewable Energy Green Certificate Market”, setting the target of improving the green electricity certificate (“GEC”) transaction system by 2027. The document required the automatic issuance of GECs, expanding the scale of green electricity transactions, and encouraging wind power/photovoltaic projects to participate. It also aimed to improve the GEC cancellation mechanism and support cross-provincial circulation. The document explicitly stipulated that key energy-consuming entities such as the iron and steel sector and data centers should ensure that their green electricity consumption ratio is no less than the average level of the national consumption and absorption responsibility weight by 2030. Additionally, it encouraged residents to consume green electricity and promotes the internationalization of GEC standards.

In May, the NDRC and the NEA issued the “Notice on Orderly Promoting the Development of Green Power Direct Connection”, which defined green power direct connection as the supply of power from new energy sources to a single user via direct connection lines to meet enterprises’ demand for green energy consumption. In regions with a power spot market, the model of “self-generation and self-consumption as the primary mode, with surplus power connected to the grid as a supplement” may be adopted, with relevant fees paid in accordance with applicable regulations. In July, the NDRC, the Ministry of Industry and Information Technology, and the NEA issued the “Notice on Launching the Construction of Zero-Carbon Parks”, aiming to steadily advance the goals of carbon peaking and carbon neutrality and assist parks and enterprises in reducing carbon emissions and increasing efficiency. The notice set out eight key tasks, namely accelerating the transformation of energy consumption structure in parks, promoting energy conservation and carbon reduction, adjusting and optimizing the industrial structure, strengthening the conservation and intensive use of resources, improving and upgrading infrastructure, enhancing the application of advanced and applicable technologies, improving energy and carbon management capabilities, and supporting reform and innovation.

In September, the NDRC and the NEA jointly issued the “Implementation Opinions on Promoting the High-Quality Development of ‘AI+’ Energy”. The document explicitly proposed to advance the in-depth integration of AI and power grids, with key support for application scenarios including predictive maintenance of power equipment, smart operation and management of distribution networks, and intelligent integration of marketing, distribution and dispatching. In November of the same year, the NDRC and the NEA issued the “Guiding Opinions on Promoting the Consumption, Absorption, and Regulation of New Energy” (Fagai Nengyuan [2025] No. 1360), clarifying the consumption, absorption, and regulation targets for 2030 and 2035. The document put forward measures including classified guidance for the development, consumption, and absorption of new energy (including distributed new energy), support for new business formats like generation-grid-load-storage integration, and strengthening the adaptability of power grids.

Furthermore, in early 2026, State Grid and Southern Grid advanced their development programs for the 15th Five-Year Plan period, with their planned fixed asset investments reaching record highs. Specifically, State Grid plans to invest RMB4 trillion in fixed assets (a 40% increase over the 14th Five-Year Plan period). Its strategic positioning has been upgraded to a core architecture of “transmission-distribution-microgrid synergy”, with a focus on constructing a new power distribution system featuring the integrated interaction of “generation-grid-load-storage”. Southern Grid has earmarked RMB180 billion for fixed asset investment in 2026, with a primary focus on the construction of new power systems and increasing allocation to the distribution and consumption sides. Key priorities include the flexible and intelligent transformation of distribution networks, equipment renewal, the adaptation of distributed new energy, and charging facility access, thereby consolidating the reliability of terminal power supply.

Driven by these robust policies, the Group continued to expand its presence within its leading sectors, and consistently improved operation performance and operational efficiency. These efforts include: (I) Digital power grids: The Group continued to provide in-depth services for the construction of new power systems for State Grid and Southern Grid. According to the latest bidding results in 2025, the Group’s core products ranked among the top, firmly positioning it within the industry’s first-tier. In addition, the Group participated deeply in the formulation of industry AI application standards, with the integration of AI and its core business yielding significant results and becoming a new growth engine. (II) Smart cities: The Group extended its core technologies from the power grid sector to more sectors, leveraging IoT technologies to reshape the management of electricity, water, gas, and heat energy. By building an IoT smart cloud platform, the Group delivered comprehensive solutions covering integrated energy, smart water services, smart fire protection, and smart industrial parks. The Group developed AI edge computing gateways and a smart security management platform, which enable real-time processing and intelligent analysis at the edge close to data sources, significantly enhancing data

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

response speed and decision-making efficiency. The smart security management platform integrates big data analytics and AI algorithms to achieve security situational awareness and intelligent early warnings for scenarios such as industrial parks and buildings, significantly improving edge computing and security management capabilities. By improving the utilization efficiency of energy and equipment through AI, the Group maximized economic benefits and provided smart solutions for digital power grids and smart cities, thereby supporting green and low-carbon development. (III) Overseas markets: The Group's global presence entered a harvest phase, with its model of localized production and technical adaptation achieving significant results. In April 2025, the Indonesian factory officially commenced production, serving as a core production base for the Southeast Asian market. In September, the Saudi Arabia Technical Center was launched as a technical service and project hub for the Middle East. The number of user connections for the Group's overseas IoT devices exceeded ten million. The Group's products obtained internationally recognized certifications, including European KEMA, SGS Wi-SUN and DLMS. The full series of smart ultrasonic water meters secured three major international certifications: OIML, MID, and WRAS. The Group is striving to become a leading global provider of comprehensive solutions for smart and digital energy.

Prospects for AI-Integrated Energy Efficiency Solutions Business

Looking ahead, further advancing the Digital China initiative and pursuing comprehensive green transformation under the guidance of the “Dual Carbon” goals have become key national strategic priorities. Accelerating the construction of a new energy system, building new power systems, promoting energy-saving and carbon-reduction retrofits, and developing distributed energy and zero-carbon parks will not only open up substantial market space for the Energy Internet of Things (“EIoT”) industry, but also impose higher requirements on technological innovation and business models.

With deep integration between global energy transformation and the digital economy, coupled with sustained implementation of the 15th Five-Year Plan and the strategy to build a strong energy nation, the EIoT industry is entering a critical stage of collaborative evolution among new technologies, industries, business formats, and models. In terms of technologies, integrated innovation continues to deepen. Integrated “sensing-computing-communication” chips will become a key R&D focus, while digital twin power grids will be deployed at a large scale, driving the transformation of power grids from digitalization to digital intelligence. In terms of industries, comprehensive energy services will extend further into industrial and commercial scenarios, with overseas markets, particularly regions along the Belt and Road, emerging as core growth engines. In terms of business formats, the “Energy Brain as a Service” model will become increasingly prevalent, and demand for cross-border digital energy services will surge. In terms of models, the industry will accelerate its transformation from product suppliers to an integrated service providers, with internationalization and ecosystem-building jointly forging core competitiveness.

Against such a historic opportunity, the Group will take internationalization and technological innovation as its two core growth curves, and continue to deepen technological innovation, expand industrial boundaries, innovate business models, and foster a collaborative ecosystem. Leveraging its extensive experience and technical reserves in power IoT, the Group will actively align with the goals of building new power systems and seize the global trends of AMI 2.0 and new energy electrification to accelerate its overseas expansion. The Group is committed to becoming a global leader in energy digitalization, contributing “Wasion wisdom” and “Wasion solutions” to the achievement of the Dual Carbon goals and the construction of a strong energy nation.

Digital Energy Services

Business Overview

The Group's Digital Energy Services business (formerly known as the "Advanced Distribution Operations"), operated by its subsidiary Wayon Energy Technology Co., Ltd. ("Wayon Energy", formerly known as "Wasion Energy Technology Co., Ltd."), focuses on three major business sectors of smart distribution networks, data centers and new energy storage, collectively building a digital energy solution system that covers the entire chain of "generation, grid, load, and storage". The focus is on the synergistic development of power and computing capabilities. In the sector of smart distribution networks, it offers a range of products including smart switchgear and high-efficiency transformers, as well as smart distribution solutions, helping customers achieve reliable and efficient power distribution. In the sector of data centers, it provides products such as distribution prefabricated cabins and modules, IT prefabricated cabins and skids, distribution equipment, and high-voltage direct current ("HVDC") power supply systems, offering continuous and stable power infrastructure guarantees for data center facilities. In the sector of new energy storage, it provides new energy storage systems, photovoltaic-storage microgrids, and charging and swapping solutions, promoting the efficient utilization of new energy. Wayon Energy's products and solutions are applied in various scenarios, including IDC, AIDC, power grids, power generation, public utilities, and industrial and commercial facilities.

Review of Business

The Group's Digital Energy Services business recorded a turnover of RMB3,564.30 million (2024: RMB2,902.99 million) as of 31 December 2025, representing an increase of 23% YoY and accounting for 36% of the Group's total turnover (2024: 33%). The revenue contribution from domestic and overseas customers is 80% and 20% respectively (2024: 88% and 12%).

Order Data in the Year under Review

During the year under review, the Group's Digital Energy Services business secured orders worth RMB4,795 million (2024: RMB4,293 million), representing an 12% YoY increase. This upswing in orders was primarily attributed to the stable development of Wayon Energy's smart grid business during the year and its continued deepening of cooperation with industrial customers. Of these, contracts won from data centers had a combined value of RMB1,564 million (2024: RMB784 million), representing a 100% YoY increase. The surge in orders during the year was mainly due to the accelerated demand for data center construction driven by AI, coupled with the rapid growth of prefabricated cabins and power distribution devices. Conversely, the value of orders related to new energy storage was over RMB188 million (2024: RMB1,118 million), a decrease of 83% YoY. This decline was primarily a result of intensified competition in the domestic market and the Group's strategic adjustment of this business sector.

In the domestic market, contracts won by Wayon Energy during the year had a combined value of over RMB3,645 million (2024: RMB3,839 million), representing a 5% YoY decrease which is mainly due to macroeconomic policy adjustments in the domestic new energy sector related to new energy storage and intensified market competition. In the overseas market, contracts won by Wayon Energy during the year had a combined value of over RMB1,150 million (2024: RMB454 million), marking a 153% YoY increase. This substantial increase was mainly attributable to the surge in market demand for overseas power distribution and data center businesses against the backdrop of global power grid and data center development trends.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Review of Digital Energy Services Business Development and Relevant Policies

During the year under review, Wayon Energy achieved significant progress in all its business segments across both domestic and overseas markets. In the domestic market, its smart power distribution network business realized leapfrog growth in order scale.

In the power grid sector, the Group benefited from a substantial increase in winning bids from Southern Grid and State Grid, with core individual products performing prominently and brand value continuing to strengthen. In the non-power grid sector, the Group was deeply engaged in diversified business segments and anchored strategic clients and major projects to provide strong support for overall growth.

The data center business achieved breakthroughs in multiple areas. It not only deepened cooperation with strategic clients and won bids for several demonstration projects, but also successfully developed high-quality clients such as large-scale cloud computing firms, internet companies, and COLO operators, with multiple products achieving new market breakthroughs. In addition, Wayon Energy secured centralized procurement orders from telecommunications operators and expanded its HVDC new product portfolio, gradually building up the overall solution capability for power distribution equipment and HVDC power supply systems. Its market footprint continued to expand and brand influence increased significantly.

As for the new energy storage-related business, the energy storage segment deepened involvement in core regional markets, focusing on high-quality clients to create benchmark demonstration application scenarios. The charging and battery swapping business strengthened strategic cooperation with telecommunications service providers and participated actively in provincial bidding and procurement, achieving full provincial coverage of new products. It steadily ranked among the top in terms of the shipment volume of battery swapping cabinets for the partner and became its core partner.

In overseas markets, the smart distribution network business anchored two core products, namely transformers and reclosers, and implemented targeted strategies by region. The Americas market achieved an upgrade from technical engagement to large-scale sales. The Southeast Asian market steadily advanced the roll-out of both products and qualifications. The European market leveraged forward-looking R&D to build momentum for future large-scale expansion.

The data center business forged close ties with core strategic clients and achieved a “0 to 1” breakthrough in the Southeast Asian market with significant growth in performance. With the upgrading and iteration of core products and solutions, it actively promoted overseas product development and certification preparation, with the global layout progressing steadily.

As for the new energy storage-related business, the energy storage segment deepened its presence in key overseas channels, strengthened customer cooperation, and achieved sustained sales. It successfully established a presence in regional markets including Australia, Latin America, Europe, and Africa, with the multi-scenario project solutions forming a replicable model to further consolidate the market foundation. The charging and battery swapping business successfully became a key strategic supplier to a global ride-hailing company for its two-wheeled electric mobility business in Africa, with overseas influence continuously enhanced.

Regarding industry policies, 2025 was a pivotal year for the digital transformation of energy, with intensive policy rollouts worldwide. Among them, domestic policies shifted from “mandatory storage” to “market-driven + capacity compensation”. In April 2025, the NDRC and the National Data Administration (“NDA”) issued the “2025 Key Tasks for Digital Economy Work”, which set out seven key tasks. The document explicitly called for coordinating the “East Data, West Computing” project with urban computing power development, optimizing the layout of computing resources through the building of a national integrated computing power network, advancing the construction of national data infrastructure, promoting the integration of computing networks and energy networks, and building green and low-carbon data infrastructure. In June, the NDRC issued the “Notice on Organizing the First Batch of Pilot Projects for New Power System Construction”, specifying seven pilot directions. These include “computing power-electricity synergy”, the coordinated construction of national computing hub nodes and clean energy bases, and the promotion of large-scale application of virtual power plants. In December, the NEA and the NDRC jointly issued the “Guiding Opinions on Promoting the High-quality Development of Power Grids”. The document specified that by 2030, a new power grid platform based on transmission and distribution networks and supplemented by smart microgrids would be preliminarily established. The capacity for optimal allocation of power grid resources will be effectively enhanced, with the electricity transmitted from west to east exceeding 420 million kW, the newly added inter-provincial power mutual aid capacity reaching approximately 40 million kW, the share of new energy power generation rising to around 30%, the capacity to accommodate distributed new energy hitting 900 million kW, and over 40 million charging infrastructure units to be supported.

As for domestic new energy and energy storage, in February 2025, the NEA issued the “Notice on Deepening the Market Reform of New Energy On-Grid Prices and Promoting the High-Quality Development of New Energy” (No. 136). The document explicitly removed mandatory storage for new energy, encouraged independent energy storage to engage in the power market, and refined the peak-valley price difference mechanism. This policy marked the shift of energy storage development from “mandatory obligation” to “value creation”. In August, the NEA issued the “Action Plan for the Large-scale Construction of New Energy Storage (2025–2027)”. The plan explicitly set out a target of 180 million kW of new energy storage installations by 2027 (an increase of over 100 million kW), driving investment of approximately RMB250 billion and promoting the source-network-load-storage integrated development and the synergy between computing and electricity. In December of the same year, local governments in Inner Mongolia, Gansu, Hebei, Ningxia, Xinjiang, Shandong, and Heilongjiang intensively introduced energy storage capacity price compensation policies to establish market-based revenue mechanisms. Compensations include “capacity-based subsidy” (yuan/kW·year) and “discharge-based subsidy” (yuan/kWh), supported by evaluation mechanisms to ensure the performance and revenue of energy storage.

As for power grid investment, in January 2026, State Grid specified at its annual work meeting that during the 15th Five-Year Plan period, it plans an investment of approximately RMB4 trillion, representing a 40% increase over the 14th Five-Year Plan period (RMB2.8 trillion). Southern Grid’s total investment during the 15th Five-Year Plan period is expected to be around RMB1 trillion, a significant increase over the 14th Five-Year Plan period. During the 15th Five-Year Plan period, State Grid will add an annual average of approximately 200 million kW of wind and solar new energy installations within its operating areas, pushing the proportion of non-fossil energy consumption to 25% and the share of electricity in terminal energy consumption to 35%, while meeting the connection needs of 35 million units of charging facilities.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

During the year under review, overseas policies focused on the triple-effort of “subsidies + safety + market mechanisms”. Computing-power synergy emerged as a global policy consensus, driving the accelerated integration of smart distribution networks, data centers, and new energy storage. The power grid sector was transforming from transmission-oriented to intelligent interactive. Computing-power synergy became standard, with computing power centers incorporated into power grid planning as an important component of “virtual power plants”. Market mechanisms continued to improve, with the “three pillars” of power spot, auxiliary services, and capacity markets driving the development of energy storage. Infrastructure upgrades accelerated, with ultra-high voltage, smart distribution networks, energy storage, and virtual power plants jointly constructing the core architecture of new power systems. In June 2025, Australia launched the Cheaper Home Batteries Program with an investment of AUD2.3 billion, providing subsidies of up to AUD3,000 per household, which could reach nearly AUD5,000 per household in New South Wales after combined subsidies. The program mandated that energy storage have virtual power plant capabilities and participate in grid dispatch, promoting the coordinated development of residential energy storage and the power grid. In July of the same year, the European Union issued the European Grids Package and the recommendation on renewable energy deployment, proposing a target of 200GW of energy storage installations by 2030, which provided policy support for the intelligent transformation of its power grid.

The data center sector is facing stringent green and low-carbon requirements, with $PUE \leq 1.3$ set as the threshold for new projects, and energy storage became a mandatory configuration. Layout restructuring accelerated, with the proportion of data centers in Western China increasing from 40% in 2024 to 60% in 2025. Industrial integration deepened, as energy enterprises and data center operators forged cross-sector partnerships, driving the digital energy market scale to exceed RMB100 billion. In August 2025, Saudi Arabia launched the tender for the 2GW BESS project (BOO model) and relaxed foreign investment access rules in the new energy sector, allowing up to 100% foreign ownership. It aimed to support the achievement of the Vision 2030 target for renewable energy and natural gas to each account for 50%, further strengthening the power grid’s capacity to absorb new energy.

The energy storage sector is undergoing a fundamental transformation from mandatory storage to value-driven development. The market structure experienced profound changes, as the share of independent storage increased from 30% in 2024 to 65% in 2025, making it the mainstream of the market. Business models became increasingly diversified, with revenue sources shifting from a single peak-valley price difference to a multi-source combination of capacity leasing, power spot, auxiliary services, capacity compensation, and green certificates. Technical routes showed clear differentiation. Long-duration energy storage on the grid side received policy support, while lithium iron phosphate batteries dominated the user side due to their cost and safety advantages. The integrated “energy storage + backup power” solution for data centers has become a widely recognized industry standard. In January 2025, Brazil issued the REIDI and Paten tax incentive programs, allowing energy storage businesses to participate in the capacity market and auxiliary services market. In December of the same year, Brazil held its first battery energy storage auction, with plans to procure at a gigawatt-scale in the future.

Prospects for Digital Energy Services Business

In 2026, for overseas markets, Wayon Energy will deepen the global layout of its three major business segments, namely smart distribution networks, data centers, and new energy storage, and drive the large-scale development of business across various regions. The smart distribution network business will focus on key national markets in five major regions, taking three core products as the lever: transformers, reclosers, and primary and secondary integration ring main units. Through localized operations, technical certifications, and the establishment of a service ecosystem, it will promote the implementation of relevant technologies, and achieve a leap from market breakthrough to large-scale development, thereby supporting the intelligent and low-carbon transformation of global power grids.

The data center business will adhere to a globalization strategy, focusing on the dual pillars of performance growth and capability upgrading. By expanding its product portfolio to consolidate first-mover advantages, it will drive the advancement of business toward globalized operations. The Southeast Asian market will focus on the delivery of existing projects while continuously enhancing its three major competitive strengths: R&D, delivery, and service. Other regional markets will focus on the iteration of the product certification system and the development of localized service capabilities, striving to achieve breakthroughs in business development.

As for the new energy storage business, the energy storage segment will focus on deepening market penetration in key regional countries. It will launch UPS/HVDC high-rate lithium battery products and solutions, and tackle integrated storage-backup solutions, gradually building up comprehensive service capabilities in smart energy and smart computing power. The charging and battery swapping business will take Africa as the foothold to fully expand into opportunity markets such as Southeast Asia.

In the domestic market, the Group will seize the opportunities presented by the construction of new power systems to drive dual improvements in both scale and value across all business segments. The smart distribution network business will be rooted in the construction of new power systems, leveraging integrated solutions and intelligent upgrades of core products to continuously enhance its industry competitiveness and market position, so as to build a leading edge in the industry. The non-power grid business will anchor high-value tracks and key regions, prioritize top-tier clients, and tap into existing demands in depth, so as to achieve growth in both business scale and value.

The data center business will focus on top COLO operators, deepen penetration in regional markets to expand business share and order scale, and cultivate new growth drivers by expanding product categories. Meanwhile, it will anchor the core businesses of telecommunications operators' infrastructure and data centers, align with the layout of computing power hubs, and deepen engagement in centralized procurement projects. Furthermore, it will facilitate its inclusion in the whitelist of the headquarters of domestic internet giants, expand power distribution orders through the mass production of HVDC products, and provide in-depth services to major clients and top-tier internet cloud service providers.

The new energy storage business will deepen its presence in the industrial and commercial storage sector, providing integrated solutions and full-cycle technical services for high-quality investors to continuously consolidate its market and technical leadership. The charging and battery swapping business will solidify strategic cooperation with telecommunications service providers while intensifying efforts to develop leading internet enterprises and battery swapping operators.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

International Markets

Global Smart Power Meter Information

Driven by global energy transition, investment in smart grids and demand for smart power meters continue to rise. In 2025, the total global investment in power grids was between USD413 billion and USD470 billion, with spending on software and services accounting for over 35%. Investment focus is shifting towards technologies such as AI and digital twins. Investment in smart grids accounted for 30%–40%, approximately USD124 billion to USD165 billion, showing a trend of differentiated growth in demand. Europe, as a pioneer in smart grids, is estimated to have a smart power meter market size of approximately USD7 billion to USD8 billion in 2025, growing to between USD12 billion and USD14 billion by the early 2030s, with a CAGR of about 7% to 10%. By 2028, the installed base of smart power meters in Europe is expected to reach approximately 326 million units. Based on a CAGR of about 6.1% starting from 2023, the penetration rate of smart power meters is projected to reach approximately 78% by 2028. Countries like Germany and France are promoting the replacement and upgrade of smart power meters through mandatory policies. Africa leads the world in the growth rate of electricity demand, with an estimated average annual growth rate of over 6% by 2030. Smart grids and smart power meters have become investment hotspots due to the urgent need for energy consumption reduction, receiving funding from institutions such as the World Bank. Renewable energy projects in South Africa, Kenya and other countries are also driving demand for equipment. The North and South American markets feature prominent policy drivers, with North America accounting for 21% share of the global smart power meter market. Latin America has emerged as a new growth pole, where Brazil implemented a national smart power meter program to complete the replacement of traditional meters by 2025. The regional market scale is expected to reach USD7.5 billion by 2028, with Brazil and Mexico together accounting for over 60% of the market. Argentina, Chile and other countries are also advancing the popularization of smart power meters, leading to a surge in demand for IoT-integrated power meters. The combined shipment volume of smart power meters in these three regions accounted for over 45% of the global total in 2025. Africa and Latin America both have strong growth potential due to low penetration rates. In terms of market technology and demand structure, different regions exhibit distinct characteristics. Europe has taken the lead in entering the replacement cycle of a new generation of power meters, focusing on data security and transmission efficiency. North and South America prefer low-cost IoT meters adapted to local power grids with functions supporting renewable energy integration. Africa mainly adopts devices with basic smart metering functions, with low-power consumption technologies being favored. Driven by mandatory policies and energy upgrading demand, the cumulative installed smart power meters in the three regions are expected to exceed 1.2 billion units by 2030, forming a pattern of differentiated growth.

During the year under review, the Group advanced its diversified transformation driven by the power business. Through the overall planning of global market layout and in-depth regional cultivation and breakthroughs, it achieved phased results in its globalization strategy of consolidating core markets and breaking ground in emerging markets, laying a solid foundation for sustained growth in the future.

Review of Business

As of 31 December 2025, the Group's overseas business turnover was RMB3,000.30 million (2024: RMB2,396.80 million), representing a 25% YoY increase.

Order Data in the Year under Review

During the year under review, the Group secured approximately RMB4,069 million (2024: RMB3,471 million) worth of overseas orders, representing an increase of 17% YoY.

Market Developments in Each Country

In the South American market, during the year under review, the Group continued to consolidate the fundamental business of metering products, with a focus on developing large-scale power projects and high-margin product lines for the Smart Grid Solutions business. Beyond the direct sales system, the Group established a tiered partner mechanism, expanded diversified sales networks such as distribution channels, and fostered new growth drivers. The Brazilian market delivered an outstanding performance in the region, with the Group securing a CPFL project order worth RMB80 million in December, representing a 23% YoY increase in contract value. Business performance in other markets in the region also improved simultaneously. In 2025, the effects of the Group's strategic layout in the Latin American market became evident, with comprehensive breakthroughs in core markets such as Brazil and Costa Rica, demonstrating a strong recovery momentum and market penetration potential.

In the North American market, with the Mexican market as a core strategic pivot, business layout was continuously optimized. The Group successfully achieved diversified expansion from power meters to smart grid solutions and the distribution sector, seizing the market window of opportunity with first-mover advantages, with long-term growth potential gradually emerging. During the year under review, both contract deliveries and payment collections in North America witnessed a YoY surge, exceeding the annual targets. The Mexican market maintained a leading position in the industry. Fully leveraging its stabilizing role in the overseas business of Wasion Holdings, the Group comprehensively advanced the multi-category penetration strategy and achieved intensive regional operations. As the core engine of the internationalization strategy, the North American market completed a comprehensive upgrade from manufacturing support to localized operations through in-depth collaboration between production and R&D. The production capacity and efficiency of the Mexico factory improved in tandem, with the annual delivery value exceeding RMB1 billion.

In the African market, the Group's market layout yielded tangible results during the year under review, with its long-term efforts finally bearing fruit. The South Africa factory was put into operation as planned, serving as a strategic pivot to fully build a "new growth pole" for regional business. Meanwhile, the Group actively explored the Northwest African market and expanded into new product areas, gradually building a diversified business portfolio. In addition, the Group achieved YoY growth in payment collection in this market in 2025, with operations in the Tanzanian market, a core region in Africa, remaining stable. In East Africa, relying on the Tanzanian joint venture as a key base, the Group continued to expand its presence in the market and consistently won annual framework contracts for power meters worth hundreds of millions of RMB, which not only ensured a steady stream of orders but also accelerated the localization of production in Kenya, Uganda and other countries. In November, the Group has successfully been shortlisted by Eskom Holdings SOC Ltd as a major supplier of power meters, and this institutional-level recognition demonstrated the fruitful results of its long-term market cultivation.

In the European market, although the pace of new market development was relatively slow in 2025 due to factors such as customer delivery schedules in the Hungarian market, the situation has shown signs of improvement, with channel cooperation becoming an important support for the Group's revenue in the region. Notably, the Group achieved a major breakthrough in the high-end European market. Leveraging local manufacturing and software empowerment, the Group signed its first HES system software contract in May, driving the in-depth extension of its European business from a single hardware provider to a digital full-value-chain service provider, accelerating the "quality improvement and efficiency enhancement" in Europe. The Group has made concerted efforts in the "integration of hardware and software" and expanded its service boundaries. In addition, the Group successfully signed its first supply contract in Germany in December and renewed the contract for the Opus project in Hungary, marking the Group's successful breakthrough of high-end market access thresholds and the initial success of its high-end market strategy. Overall, despite facing certain challenges in the European market, the Group has achieved key progress in high-end market development and service model upgrading with technological confidence and strategic layout, presenting a positive development trend and is expected to deliver better performance in the European market in the future.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In the Asian market, the Group delivered a strong and stable overall performance, providing core support for achieving the 2025 revenue target. During the year under review, the Group deepened cooperation with existing key channel customers, with cooperative projects progressing steadily. It actively explored emerging markets, expanded market coverage, and targeted opportunities in places like Fiji, successfully achieving breakthroughs in emerging markets. Currently, the Group has formed a market layout centered on Singapore, Malaysia and Indonesia in the Asian market, and is actively exploring emerging markets such as Myanmar, presenting a business landscape with multiple growth points. In 2025, the Group's brand influence continued to rise, and market share further expanded. In addition, during the year under review, the Group's payment collection was favorable, increasing by 60.4% YoY and achieving 88.5% of the collection target, further strengthening the Group's solid financial foundation. Looking ahead, the Group will continue to consolidate its existing market advantages, deepen cooperation with key customers, continuously tap the potential of emerging markets, and further expand its market share with high-quality products and services, consolidating its brand competitiveness in the energy metering sector in Asia.

Future Development of International Markets

Regarding the South American market, the Group will focus on the large-scale development of power grids, with smart grid solutions and localization at the core, and empower the market by synergizing multi-dimensional products. The Group will expand its presence in the Brazilian market, promote and deepen the smart grid solutions business, collaborate with the new energy business, and address operational efficiency pain points through localized manufacturing and services. It aims to penetrate key South American markets such as Ecuador, Chile and Colombia, increase efforts in nurturing potential markets such as Argentina, and align supply with the energy transition policies and electricity demand differences of each country. It will also expand into emerging Central American markets such as Costa Rica and the Dominican Republic and seize the opportunities from regional demand for renewable energy capacity expansion and power grid upgrading.

Regarding the North American market, the Group will focus on the stable supply of mature products such as power meters, smart grid solution systems and water meters, with key breakthroughs targeted in incremental categories such as data centers, energy storage systems, reclosers and transformers. Simultaneously, it will provide full-chain EPC general contracting services, aiming to become a benchmark for integrated capabilities of "manufacturing + integration + service". Relying on the compliant production capacity of the Mexico manufacturing base, the Group will ensure both compliance and timeliness of product supply to surrounding regions, driving simultaneous breakthroughs in market share and revenue scale.

Regarding the African market, the Group will implement the strategic policy of "stabilizing Tanzania + breaking through high-growth markets", consolidating its regional foundation. It will strengthen service advantages through the upgrading of EPC general contracting capabilities and strive to become a mainstream system solution provider in Africa. In Tanzania, the Group will accelerate its transformation from a single power meter supplier to a provider of smart grid solutions, enhance regional radiation capacity, and gradually penetrate surrounding markets such as Kenya, Uganda and Oman. As an emerging expansion market and core production base, South Africa will be developed into a new growth engine for regional business. Meanwhile, the Group will focus on nurturing the Northwest African market, targeting potential markets such as Nigeria, and build a business pattern supported by multiple growth drivers.

Regarding the European market, the Group will continue to consolidate its localization advantages in Hungary, focus on high-potential markets such as Germany, Turkey and Northwest Europe, and drive market breakthroughs and competitiveness improvement by enriching its product matrix. In markets such as Hungary and Romania, the Group will focus on consolidating market share and strengthening regional supply chain support capabilities. In the German and Turkish markets, the Group will accelerate the R&D and certification of new products, alongside efforts to secure orders, creating regional growth engines. It will also expand channels and increase increments through diversified cooperation models. In the Northwest European market, the focus will be on strengthening team building, promoting brand building through diversified forms such as direct sales, strategic cooperation and agency, breaking through the access barriers of the high-end market, and fostering new drivers for long-term growth.

Regarding the Asian market, leveraging the advantages of its headquarters and channels, the Group will focus on building localized operational hubs in high-potential emerging markets, drive the transformation from “broad coverage” to “deep rooting”, and strengthen differentiated competitive advantages. The Group will also continue to consolidate and expand its presence in mature markets such as Singapore and Malaysia to maintain core competitiveness. In emerging markets, the Group will establish long-term partnership systems, improve bid-winning rates and localized delivery capabilities, and create low-risk growth drivers.

Research and Development (“R&D”)

The Group has consistently adhered to R&D-driven approach and technological innovation, aligning with the national “Dual Carbon” development policy while adapting to the market transformation of digital grids. It vigorously develops digital smart city initiatives and new energy businesses, addressing customer needs while proactively advancing its own technological revolution. During the year under review, the Group was granted 255 patents, including 93 patents of invention, and authored 141 software copyrights, boosting the total number of valid patents to 2,176, software copyrights to 2,046, and intellectual property rights to 4,222 as of 31 December 2025.

Smart Grid Solutions Business

During the year under review, the Group won bids totalling RMB606 million from the centralized procurement projects at the headquarters of State Grid and Southern Grid, ranking first in the industry. In terms of product R&D, the Group launched a full series of current, voltage, and combined transformers covering voltage levels of 35kV and below, establishing comprehensive solution capabilities and successfully securing the State Grid centralized procurement bid for low-voltage metering transformers. The Group developed a full series of energy meters meeting the requirements of the Southern Grid 24 specification. The smart gateway energy meter, featuring a tri-modular architecture and equipped with the advanced Power Harmony OS, offers robust upgrade capabilities. With its exceptional technical strength and innovation, this product successfully passed the new product appraisal by the China Instrument and Control Society, with its technical indicators reaching an international leading level. Under a national key R&D program, the Group dedicated two years to successfully developing high-precision dynamic metering energy meters and high-adaptability energy meters (the “Double High” energy meters). These products obtained CPA certification and testing accreditation from authoritative third-party institutions, secured seven invention patents, and resulted in published academic papers, making significant contributions to the country. This product line has been deployed on the grid in Shandong, demonstrating significant advantages in dynamic metering and harmonic metering. The shared metering device developed by the Group adopts an integrated “terminal-pipe-cloud” architecture, meeting the requirements of the plug-and-play functionality and precision management within the State Grid master station system. As the industry’s first product integrating terminal control with legal metrology, it provides dual assurance through CPA certification and “100% mandatory verification”, redefining safety standards for shared power devices. It successfully won the bid from State Grid Hunan Electric Power Co., Ltd. in 2025.

As for technical achievements and authoritative certifications, the Group’s R&D team, “Digital Power Grids-Oriented Smart Measurement and Data Application Innovation and Entrepreneurship Team”, was recognized as a Hunan Province leading corporate technological innovation and entrepreneurship team under the 2025 Furong Program. Pan Xiaoyan was honoured as a Young Talent (youth support category) under the 2025 Furong Program. The Group’s “High-Frequency Dynamic Power-Carbon Coupling Model and Carbon Data Prediction Technology” was selected as one of the first batch of metering data application cases promoted by the General Office of the State Administration for Market Regulation. The “Power-Carbon Integrated Smart Meter” was included in the 2025 energy industry brand achievement typical cases. The Smart Metering Energy Consumption Analysis and Management Software V1.0 was certified as a 2025 Hunan Province First-Edition Software Product. The “Energy-Saving and Carbon-Reduction Management System Based on Power-

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Carbon Detection” was listed as a green low-carbon advanced applicable technology encouraged for development in Hunan Province’s industrial sector. The “Integrated Innovation of Products and Management Based on AI and Big Data” was selected as one of the 100 landmark projects under the “Digital New Infrastructure” initiative in Hunan Province.

As for smart manufacturing and brand building, the Group’s smart manufacturing project, Wasion Group Smart Energy Metering Factory, was recognized as a 2025 Hunan Province “advanced level” smart factory, and received special funding support for smart manufacturing technological transformation from Changsha City. The Wasion brand was honoured by the Ministry of Industry and Information Technology as one of the first batch of enterprises with high-level quality management capabilities in 2025 and was included in the 2025 China Brand Value Evaluation Information List.

AI-Integrated Energy Efficiency Solutions Business

During the year under review, the Group proactively addressed new market opportunities and challenges and continuously strengthened technological innovation by deeply integrating AI into its industrial operations and forging core competitiveness through “IoT + Chip + AI”. The Group has been committed to providing comprehensive solutions for digital power grids and smart cities, ranging from intelligent data perception and efficient data transmission to smart data application. In the smart city sector, the Group leveraged big data application management, edge computing, and AI application and other technologies as the core to successfully develop the AI edge computing gateways and smart security management platform, significantly enhancing edge computing and security management capabilities. Regarding water, gas, and heat sensing terminals, the expanded series of smart ultrasonic water meter models has obtained three major international authoritative certifications: OIML (International Organization of Legal Metrology), MID (EU Measuring Instruments Directive), and WRAS (Water Regulations Approval Scheme), laying a solid foundation for the global promotion of the Group’s smart water utility solutions.

As for Power IoT, the Group’s self-developed high-speed broadband carrier communication technology and chips received international recognition during the year. The new generation of dual-mode communication chips passed the testing certification by both State Grid and Southern Grid, driving a continuous increase in market share. The new-type SoC chips with an embedded NPU, co-developed with a national laboratory, were launched to support scenario upgrades in smart distribution and transparent power grids. The Wi-SUN communication module technology also passed scientific and technological achievement appraisals. The IEEE Std 2815™-2024 Guide for the Technical Specification of the Smart Distribution Transformer Terminal was officially released. The Group participated deeply in the formulating of this guide, contributing the key “Chinese Wisdom” to the birth of the world’s first international standard for smart distribution transformer terminals. Furthermore, as a Contributor Member of the Wi-SUN Alliance, the Group’s proprietary chips cover the power AMI communication standards in over 70% of countries worldwide, with technical compatibility and international competitiveness continuously enhanced. Among the flagship products launched during the year, the series of smart metering terminals based on the Power Harmony OS and dual-mode communication modules were recognized as reaching a domestic leading level in the technological achievement appraisals, aligning closely with the construction needs of digital power grids. The station electric energy acquisition terminal (WFET-2000) achieved full localization replacement of hardware and software, with its overall technology recognized as reaching a domestic leading level, continuing to spearhead industry development. Additionally, the Group achieved significant R&D results in overseas smart power grid products. Its self-developed remote terminal unit (RTU), specifically designed for complex power distribution network environments and strictly compliant with IEC international standards, was certified by experts as reaching an international advanced level, significantly improving the precision of selective fault protection in power grids. The overseas data concentrator unit (DCU) successfully secured multiple international authoritative certifications, including SGS Wi-SUN, DLMS, and G3-PLC, establishing itself as a stable cornerstone for global smart grid data transmission. The fault indicator (FI) for overseas markets enables a ground fault diagnosis accuracy of over 95% and an equipment online rate of 99%, fortifying the safe and efficient operations of overseas power grids.

Digital Energy Services Business

As for the smart distribution network sector, in the domestic market, the Group continued to focus on developing comprehensive digital solutions covering energy production, transmission, consumption, and storage. By relying on the orderly dispatch scheme for mass access of distributed photovoltaics and new power loads, the Group built its core digital infrastructure capabilities to meet the requirements for observable, measurable, controllable, and adjustable low-voltage distribution networks, thereby assisting in the consumption, absorption, and utilization of new energy and the autonomy of transformer areas, and driving the green, low-carbon, and intelligent upgrade of power grids. In overseas markets, the Group focused on the niche segment of distribution network equipment. Driven by technical standardization and product customization, the Group established a differentiated competitive moat. With its full-series core products, the Group led the smart and green transformation of regional distribution networks. Regarding transformer products, the Group further improved the full-scenario coverage of transformers, laying a solid foundation for subsequent mass production and global expansion. Regarding switchgear products, the Group significantly enhanced the self-healing capability of distribution lines and the reliability of power supply, and continued to build a green switchgear product system, aligning with the global trend towards carbon peaking and carbon neutrality.

As for the data center business, in the domestic market, the Group seized opportunities brought by the rapid development of domestic digital new infrastructure and computing power infrastructure, and continuously deepened its presence in the core equipment and integrated solutions for the power system in data centers. In 2025, the Group completed the R&D of a new generation of power modules and successfully won bids for data center projects from leading internet technology enterprises, further consolidating its position in the domestic high-end data center power equipment market. In 2026, the Group will increase R&D investment and focus on breakthroughs in key technologies and product iteration, including R&D in liquid cooling distribution units (CDU) and secondary piping systems, power module system upgrades, DC technology layout, intelligentization, and industry customization. The Group will continue to consolidate its technological leadership and market dominance in domestic data center power infrastructure, empowering the green and intelligent development of China's digital infrastructure. In overseas markets, by leveraging its technological advantages in intelligentization, integration, and prefabrication and taking distribution prefabricated cabins and IT skids as the core product system, the Group achieved scaled market deployment. Closely aligning with the rapid construction demand for regional data centers, the Group delivered highly adaptable, fast-deployment power distribution prefabricated cabins and prefabrication solutions, successfully implementing power system supporting projects for multiple large-scale data centers. In 2026, the Group will take the integrated "power management + thermal management" solution as the core, and further advance technology integration and system optimization. The Group aims to continuously strengthen its full-scenario, localized service capabilities in the global data center infrastructure sector, facilitating the evolution of global data centers towards greater efficiency, sustainability, and intelligentization.

As for the new energy storage related business, in the domestic market, the Group focused on charging and battery swapping operators as well as urban integrated energy systems, and developed core technologies including smart power allocation for charging and battery swapping, bidirectional power supply, and offline battery swapping, which enabled dynamic power dispatching, multi-scenario power supply, and secure interaction in offline conditions, significantly enhancing system reliability and standardization, thus providing support for applications of industry technologies. In overseas markets, the Group independently developed liquid-cooled energy storage cabinets and liquid-cooled energy storage container systems for commercial and industrial applications. Featuring core advantages such as high energy density, enhanced safety, and seamless switching between grid-connected and off-grid operation, these products deliver significant cost reductions and efficiency gains compared to traditional air-cooled products. Having obtained multiple key international certifications, these products have successfully entered mainstream markets in North America and

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Australia, becoming the preferred option for local commercial and industrial energy storage and microgrid projects. This achievement underscores the Group's capabilities in global market expansion and technology commercialization. At the software ecosystem level, the Group independently developed an integrated generation-grid-load-storage energy management system (EMS). This system achieves full coverage across diverse application scenarios and completes a three-dimensional layout of local deployment, cloud platforms, and mobile terminals. It enables coordinated dispatching and intelligent control of energy storage systems, power grids, and loads, and provides customers with a "hardware + software + service" full-lifecycle solution, thus facilitating the global energy system's transformation towards greater efficiency, intelligentization, and decentralization.

Looking ahead, the Group will continue to prioritize technological innovation as its core driving force, deepen its global market footprint, and refine its full-industry-chain product matrix. Through products and solutions of higher standards, the Group aims to empower global power grid upgrades and energy transition, solidify its industry leadership, and create greater value for both the industry and society at large.

International Markets

During the year under review, the Group's shipment volume and revenue showed improvement compared to 2024. Meanwhile, the long-term effects of cost-reduction measures became gradually evident, with the gross profit margin increasing by 0.4% YoY and exceeding the annual goal by 1.6%. In terms of R&D and innovation, the Group saw a continued rising proportion of invention patents among applications and grants in 2025. Throughout the year, the Group filed 68 new intellectual property applications, including 40 invention patents and 15 software copyrights, representing a 30% increase YoY. Among them, 30 patent applications were accepted for examination, including 24 invention patents. The Group secured 53 new intellectual property rights, including 19 invention patents and 19 software copyrights. The products customized for seven key global markets obtained 21 certifications, including IDIS, DLMS, G3 Dual-Mode, ANATEL, TUV, ROHS, and CC. The general market products successfully passed type tests under the IEC 62052-11 2020 standard and obtained certifications such as MID and G3 Dual-Mode, further enhancing product competitiveness. Furthermore, the Group launched system software including a public key infrastructure and a network management system ("NMS"), further enriching the AMI 2.0 product line. Meanwhile, the Group achieved large-scale networking and network optimization plans, and established an integrated testing environment that simulates complex on-site conditions, thus providing robust assurance for the implementation of comprehensive on-site solutions. As for market development, the North America market demonstrated steady progress with a continuous increase in integrated innovation business volume. The steady progress in the development of information systems for delivery, receipt and quotation provides essential tools for market expansion. In the Latin America market, the Group leveraged its Brazilian plant to successfully secure the CPFL project, with a contract value exceeding RMB80 million. In the European market, the Group relied on its Hungarian factory to achieve order production and delivery. Its products obtained CC certification, thus complying with European safety design requirements. In the Asian market, the Group signed delivery contracts for nearly 200,000 units of its smart meter series. In the African market, the Wasion South Africa company was officially inaugurated, laying a solid foundation for the Group's regional expansion across the African continent. As for brand influence and R&D capabilities, the global influence of the Wasion brand continued to rise. The Group's proposal, "NMS Smart Network Management System Architecture and Practice Integrating AI Optimization Technology", was selected as an "AI+" service trade demonstration case at the 2025 China International Fair for Trade in Services. Additionally, the Group's global R&D center based in Changsha received special government subsidies, as the Group continuously strengthened the development of its global R&D capabilities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

The report is the eleventh consecutive sustainability report of Wasion Holdings Limited (“Wasion” or the “Company”) and its subsidiaries (the “Group” or “We”, “us”, “ours”) since 2015, published alongside the annual report. Adhering to the principles of materiality, quantification, balance and consistency, the report systematically elaborates the Group’s policies and practices in respect of Environmental, Social and Governance (“ESG”), demonstrating our ongoing commitment and concrete actions towards sustainable development.

(1) Scope of organization

Taking account of the “financial significance” and the “extent of substantial ESG impact”, the report covers Wasion Holdings Limited and its subsidiaries in China, whose businesses scopes are described in the section headed “About Us”.

(2) Time period

The report covers a period from 1 January 2025 to 31 December 2025, consistent with that of the financial statements. For the continuity and comparability of report preparation, certain information appropriately includes retrospective disclosures of prior periods.

(3) Release cycle

The release cycle of this report synchronizes with that of the Company’s annual report.

(4) Data clarification

If there is any discrepancy in the economic performance data of 2025 disclosed in the report, the financial report shall prevail.

(5) Reference standard

The report has been prepared in accordance with the Environmental, Social and Governance Reporting Code in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) released by the Hong Kong Stock Exchange.

(6) Statement of verification

The Board attaches great importance to the normative and consistent disclosure of ESG-related information. In order to continuously improve the credibility and quality of the report, the preparation of the report has been directed by the Board and verified by internal professional functional persons and auditors. Subsequently, the plan is to gradually seek independent verification, if conditions permit.

(7) Statement of change

The report adopts the same methodologies and disclosure framework as in previous years, and further enhances the transparency and completeness of climate-related disclosures. Any adjustments to accounting methodologies or scopes will be clearly explained in the corresponding sections.

For further information of Wasion and the electronic report, please visit <http://website.wasionholdings.wisdomir.com/>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

1. ABOUT US

Wasion Holdings Limited is a domestic leading provider of total solutions relating to smart metering, smart power distribution and energy efficiency management. We are committed to becoming an energy metering and energy saving expert across China and the world.

Wasion has long been focusing on the research and development (“R&D”), production and sales of integrated solutions relating to energy metering and energy efficiency management, the products and services of which have been extensively applied in energy supply industries for electricity, water, gas and heat, and large energy-consuming units of large-scale public infrastructure, petroleum and chemical, transportation, 5G communication, machine manufacturing, metallurgical and chemical fields and residents.

The advanced smart metering business of the Group mainly comprises of comprehensive smart electric energy meters, smart water meters, smart gas meters and ultrasonic calorimeters; various power distribution meters and power quality monitoring devices; comprehensive energy data acquisition terminals, load management terminals and user management devices; measurement automation systems and various application systems, services and energy data mining. The Group is the only professional manufacturer in China that can provide advanced energy metering products, systems and services for electricity, water, gas and heat which cover the entire process demands ranging from energy production, transmission, distribution to consumption.

The products and solutions of advanced distribution and energy efficiency management business of the Group mainly cover new energy storage system solutions for comprehensive scenarios such as large energy storage, industrial and commercial energy storage, household photovoltaic-storage integration and mobile energy storage, high- and low-voltage complete equipment, primary and secondary integration complete equipment, smart low voltage components, tower energy and communication products and services, EMS system application, hydrogen production, new energy connection, industrial automation, battery swap and preparation, sales of power and supply-side management, etc.

The Group’s AI-Integrated Energy Efficiency Solutions business mainly focuses on reshaping the energy management methods of electricity, water, gas and heat with the IoT technology, and provides a full-level integrated solution for the IoT of energy from data perception, network transmission to application management, with communication technology from basic chip design, data perception and data acquisition to high-speed data transmission and stable connection, as well as the capability to provide users with such digital solutions as software management.

The goals of “Carbon Neutrality” and “Carbon Peak” are driving substantial changes in energy production and energy consumption mode in China and even the world. Amidst the material social responsibility and development opportunities arisen from energy saving and carbon reduction as well as the substantial demand arisen from the transformation and upgrading of smart power grids to the internet of energy, Wasion adheres to its corporate mission “Energy Metering and Energy Saving Expert” while upholding its core value “Perfect Work with Passion, and Success Achieved with Integrity” by continuous innovation and improvement in order to become the pioneer in smart power grids and smart metering in China, one of the major international smart power grid and smart metering provider and a well-known international brand.

In the future, every city, every enterprise and every family will be benefited from the use of the technologies, products and services of Wasion.

2. STATEMENT OF THE BOARD ON ESG

Against the backdrop of global energy transition and sustainable development, the Board deeply recognizes that environmental, social and governance constitute the strategic cornerstone for an enterprise to achieve long-term sustainable development. Upholding the core value of “Perfect Work with Passion, and Success Achieved with Integrity”, we integrate the ESG philosophy deep into our corporate development strategies and daily operations, continuously benchmark against internationally advanced ESG standards and sustainable development goals and actively respond to the national dual-carbon strategy to create long-term value for stakeholders through innovation-driven and responsible business practices, while advancing the green transition and upgrading of the industry to contribute to global sustainable development.



ESG Strategy and Governance Framework

The Board regards ESG governance as an integral part of strategic management and has established a sound ESG decision-making mechanism and governance framework. By setting up a special cross-function working group, the Group systematically incorporates ESG factors into strategic decision-making and risk management. Meanwhile, benchmarking against the United Nations Sustainable Development Goals (SDGs), we have formulated a scientific performance evaluation mechanism to ensure the effective implementation of ESG initiatives.

Green Development and Dual-carbon Initiatives

In response to the national dual-carbon strategy and driven by technological innovation, we advance carbon neutrality throughout our production and operations. We focus on building a green supply chain system and zero-carbon demonstration industrial parks and continuously scale up investment in technological innovation for smart energy metering and energy efficiency management, aiming to support energy conservation, emission reduction and green transition across society with practical actions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Stakeholder Alignment and Responsibility Fulfillment

We have established a systematic stakeholder engagement mechanism. Through multi-level communication platforms and regular dialogue channels, we promptly collect and respond to the concerns of all parties. While continuously optimizing ESG policies, we enhance employees' sense of well-being under the "Wasion Well-being" initiative and share development achievements with partners in diverse forms. The Board is committed to upholding the principles of openness and transparency, disclosing work progress via the annual ESG report and other channels, proactively accepting social supervision, and working with all stakeholders to build a resilient future for sustainable development.

As the highest decision-making authority of the Company, the Board is responsible for the overall oversight of ESG-related issues and plays an irreplaceable leading role in climate change management. It is tasked with guiding the Group to formulate ESG strategies (including climate change response measures) and define its development direction. Its core responsibilities cover the following:

- **Development of ESG strategy and management system:** Developing environmental, social and governance policies and strategies at the Board level, and establishing a mechanism for the identification, assessment, prioritization and full-process management of material ESG-related issues (including business risks). (See sections 2 and 3 of the report for details)
- **Oversight and Management of ESG Risks and Opportunities:** Overseeing the implementation of ESG-related governance, with a focus on the climate and nature-related risk management, conducting regular assessments of ESG risks and opportunities, and reviewing and agreeing on corresponding strategies and measures. (See section 3.2 "Climate-related Disclosures" of the report for details)
- **Review of ESG Target Implementation and Information Disclosure:** By reviewing the annual ESG report, regularly reviewing and monitoring implementation progress against established ESG-related targets, explaining the relevance between targets and business operations, and coordinating the completion of regulatory disclosures of ESG-related information (including climate-related information). (See Section 3.2 "Climate-related Disclosures" of the report for details)

Looking ahead, the Board will continue to provide strategic guidance, uphold the corporate spirit of being "Cohesive, Ambitious, Down-to-earth and Creative", deepen innovative ESG practices, and seize opportunities amid the global energy transition to make continuous contribution to promoting efficient energy use and the sustainable development of humanity and society with Wasion's expertise and strengths.

2.1 Sustainable Development Management

Guided by the vision of "Continual Innovation Contributing to Wasion's Centennial History", Wasion has always adhered to the motto of "Perfect Work with Passion, and Success Achieved with Integrity". Led by the "5th Five-Year" development goal of "innovation-driven, hardworking, green and global", the Group fully integrates the concept of sustainable development throughout its entire operation and management process. Insisting on technological innovation as our core driving force, we aim to promote high-quality corporate development by various means, including developing green products, building green industrial parks and strengthening the intelligent and digital talent pipeline for carbon peaking and carbon neutrality. With "Wasion Well-being" as our ultimate goal and focusing on "Wasion Digitalization", "Wasion Internationalization", "Wasion Brand", "Wasion Value" and "Wasion Greenization", we advance low-carbon transformation and sustainable development practices on a regular basis to enhance brand influence and deepen implementation, aiming to create value for employees, make contributions to society, and foster harmonious coexistence among the enterprise, society and the environment.

2.1.1 Cultural leadership: forging a solid foundation for sustainable development

Wasion regards corporate culture as the spiritual core and guideline for promoting sustainable development. With the mission of being “Committed to Becoming a Global Energy Metering and Energy Saving Expert”, and adhering to the motto of “Perfect Work with Passion, and Success Achieved with Integrity”, the Group has systematically established a corporate culture governance system featuring cultural leadership, full engagement and continuous improvement.

Values and Guidelines of WASION



- 1 MISSION**
Committed to Becoming a Global Energy Metering and Energy Saving Expert
- 2 VISION**
Continual Innovation Contributing to Wasion's Centennial History
- 3 MOTTO**
Perfect Work with Passion, and Success Achieved with Integrity
- 4 SPIRIT**
Be Cohesive, Ambitious, Down-to-Earth and Creative
- 5 DEEDS**
Be Honest, Pragmatic and Efficient
Rigorous in Making Decision and Discipline
Strict in Acting and Fair in Rewarding and Punishing

By relying on institutionalized cultural development and diversified value communication, we continue to integrate the ESG management philosophy into the corporate culture system, leverage the guiding role of core values in strategy implementation and daily operations, and achieve full-chain connection of sustainable development with corporate strategy, organizational behavior and value creation.



Cultivation of Cultural Consensus

The Company launched the “Voice Survey” Global Corporate Culture Consensus Research Questionnaire across business units and regional teams, collecting extensive employee feedback on corporate values, code of conduct and culture implementation



Demonstration of Cultural Role Models

It held the 2025 “Most Beautiful Workers & Most Inspiring Stories” selection to showcase role models and their deeds. Online recognition and offline publicity were adopted to promote the spirit of dedication



Deepening of Cultural Communication

The featured column “Wasion Endeavor Chronicles: Series Reports on Wasion's Outstanding Teams and Individuals” continued to explore and disseminate typical cases of excellence in technological innovation, customer service, green development and social responsibility.



Collaborative Expansion of Cultural Development

The Company extended corporate culture to talent development by launching “Wasion Field Engineer Order-Based Classes” with universities, integrating corporate mission, values and sustainability into curriculum system and teaching practices

(Some of 2025 Corporate Culture Events)

Going forward, Wasion will continue to take corporate culture as a bond. By continuously improving its governance mechanism, actively fulfilling social responsibilities, and steadily enhancing environmental management, the Company will make concerted efforts in environmental management, green innovation, employee development, value sharing, corporate governance and compliance management. It will further consolidate the foundation for corporate development and inject sustained momentum to build Wasion's Centennial History.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

2.1.2 Strategic guidance: charting a new blueprint for sustainable development

At the historical juncture of concluding the “5th Five-Year Plan” and formulating the “6th Five-Year Plan”, Wasion has systematically reviewed its development journey, with all strategic initiatives steadily implemented and remarkable achievements made in green development. The Company has obtained a number of substantive certifications in green manufacturing and low-carbon management, including the successful establishment of provincial and national-level green factories, and the development of an energy management system, a carbon emission management system and a green supply chain management system. Its business portfolio has been further deepened, with an upgraded focus on providing integrated green and low-carbon solutions and engineering services. Meanwhile, the Company has continuously increased investment in automation and intelligence, driving year-on-year improvements in energy efficiency and the share of clean energy consumption. Through innovative cooperation models with leading industry players, the Company has achieved leapfrog development and attained both economic and social benefits.



Case study



On 10 May 2025, the “2025 China Brand Value Evaluation Information” was officially released. The event was hosted by the China Council for Brand Development and the China Appraisal Society, and organized by the Brand Office of Xinhua News Agency, China Brand magazine and other institutions. A total of 1,068 brands participated in this year’s evaluation, covering leading enterprises across most industries, and evaluation results of brand value were announced for 779 brands.

Wasion Group Limited ranked 42nd on the 2025 China Brand Value List (Machinery and Equipment Manufacturing), with a brand strength score of 891 and a brand value of RMB2.814 billion.



Wasion aligns closely with market demand by accelerating the iterative upgrading and technological R&D of smart metering solutions, catering to diverse customer needs for digital and green energy management. By leveraging artificial intelligence (AI), big data and other advanced technologies, the Company enhances product performance and operational efficiency, supports green transformation, and actively expands its overseas footprint. These efforts provide a reference for its strategic positioning and business layout under the 6th Five-Year Plan.

Building on its past progress and adopting a forward-looking approach, Wasion has further refined and redefined the “Six Wasions” initiative — Wasion Internationalization, Wasion Digitalization, Wasion Greenization, Wasion Value, Wasion Brand and Wasion Well-being — based on the “Six Wasions” framework established during the “5th Five-Year Plan”, imbuing its “6th Five-Year Plan” with renewed strategic connotations. Meanwhile, the Company has set out its development objective for the “6th Five-Year Plan”: to establish core competitiveness through AI, focus on globalization, digitalization and greenization (“3”), and strive to become a leading enterprise in China specializing in energy metering and energy efficiency management derived from electric power and computing power (“2”). Anchored on the “3+2” development strategy, Wasion will work hard toward a strategic leap from “following the industry” to “leading the industry”.

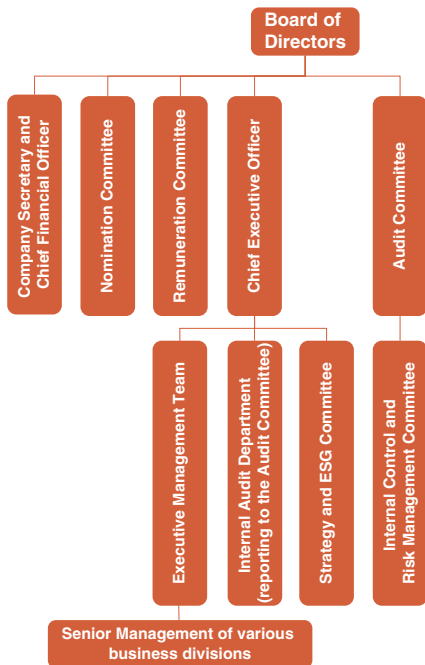


(“6th Five-Year Plan” — New Connotations of the “Six Wasions”)

2.1.3 Governance synergy: establishing a sustainable development mechanism

The Group has established a systematic ESG governance system and constructed an ESG management structure with in-depth participation of the Board, ensuring that the identification, assessment and management of ESG topics (including climate-related risks and opportunities) are fully integrated into strategic decision-making and the overall risk management framework, and promoting the in-depth alignment of ESG principles with the Group’s corporate strategy and operational management, thereby providing strong support for sustainable development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)



Level	Key Responsibilities	Key Implementation Paths
Decision Making Level	<ul style="list-style-type: none"> - Strategic decision-making and oversight - Risk management and opportunity identification - Disclosure and compliance 	<ul style="list-style-type: none"> - Approve the Group's ESG development strategy, medium- and long-term plans, and major resource allocation - Evaluate the alignment of ESG policies with the Company's overall business to ensure strategic consistency - Approve the ESG risk management framework and response strategies for material risks such as climate change - Oversee the compliance and effectiveness of the ESG internal control system - Approve ESG reports and disclosure - Ensure ESG practices comply with the Listing Rules and international
Management Execution Level	<ul style="list-style-type: none"> - Strategy decomposition and target management - Risk management - Stakeholder management 	<ul style="list-style-type: none"> - Formulate annual ESG implementation plans based on the ESG strategy - Oversee the setting and implementation of ESG targets - Evaluate the effectiveness of ESG risk control measures and escalate material risks to the Board - Determine the priority of the Group's material ESG issues to ensure alignment with business strategy - Lead the preparation of ESG reports and coordinate internal and external communications - Collect and respond to stakeholder demand and optimize ESG management strategies
Operational Execution Level	<ul style="list-style-type: none"> - Strategy execution and target implementation - Data management and risk management - Communication and training - Assist in compiling case studies and promotional materials 	<ul style="list-style-type: none"> - Implement ESG policies across business areas, decompose and deliver ESG targets - Regularly review the implementation effectiveness of ESG measures and propose optimization suggestions - Be responsible for ESG data collection, verification and preliminary analysis - Establish and implement ESG risk management processes to identify and assess ESG risks and opportunities - Collect stakeholder ESG demand and feedback to management - Organize internal ESG promotion and training to enhance employee awareness

In 2025, the Group continued to strengthen ESG and climate risk management and enhanced the professional capabilities of ESG Committee members in climate response. At the governance level, the Group refined core ESG management functions and clarified dedicated responsibilities for ESG policy research, climate risk assessment and regulatory supervision. At the implementation level, focusing on the three core topics of carbon peaking and carbon neutrality management, climate resilience, and supply chain compliance, the Group integrated sustainable development requirements throughout its entire business processes including R&D, procurement and production, effectively ensuring a closed-loop management of the ESG strategy from top-level design to on-the-ground execution.



(Some of the Company's Management System Certificates)

2.1.4 System empowerment: strengthening support for sustainable development

The Group has established an ESG assurance system focusing on governance and strongly supported by management system construction. It has systematically integrated and strategically upgraded multiple professional management systems covering quality, environment, occupational health and safety, energy, measurement, social responsibility, carbon neutrality, green packaging and green design product assessment.

Through monitoring and analyzing key indicators of various systems, a reliable data foundation has been laid for advancing the carbon neutrality process, improving resource efficiency and fulfilling social responsibilities.

Following the logic of “Governance — Execution — Supervision — Improvement”, we have deeply integrated key ESG issues into our existing management systems to form an institutional and procedural basis, and continuously strengthened the following mechanisms:

- ▼ **Systematic Governance:** Based on mature management frameworks, clarify ESG management responsibilities and realize institutionalized control;
- ▼ **Procedural Execution:** Integrate the PDCA cycle to promote the implementation of ESG targets and their deep integration with business operations;
- ▼ **Regular Supervision:** Continuously monitor the effectiveness of system operation through internal audits, management reviews and compliance evaluations, extend ESG risk management and control to the supply chain, and keep building a responsible value chain ecosystem;
- ▼ **Closed-Loop Improvement:** Benchmark against advanced domestic and international standards and best practices, enhance data governance capabilities with digital tools, and accept public scrutiny through proactive disclosure of ESG performance to drive continuous improvement.

The Group’s ESG practices are rooted in robust operational management. Its assurance system reflects a unified progression from compliance certification to strategic integration, and from internal management to value chain impact, making sustainable development a core competitiveness and long-term value source driven by governance, supported by systems and empowered by data.

2.1.5 Group coordination: establishing an ESG disclosure system

To further meet regulatory and transparency requirements for ESG information disclosure, the Group has set up a comprehensive, tiered social responsibility disclosure mechanism, aiming to systematically present the environmental, social and governance performance of the Group and its business units, and continuously enhance the systematicity and credibility of sustainable development management.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Case study



上海证券交易所

上证公告【2025】3667号

关于2024-2025年度信息披露工作评价结果的通报

威胜信息技术股份有限公司：

根据《上海证券交易所上市公司自律监管指引第9号——信息披露工作评价》（以下简称《评价指引》），本所已完成沪市上市公司2024-2025年度信息披露工作评价。经综合考评，你公司2024-2025年度信息披露工作评价结果为A。

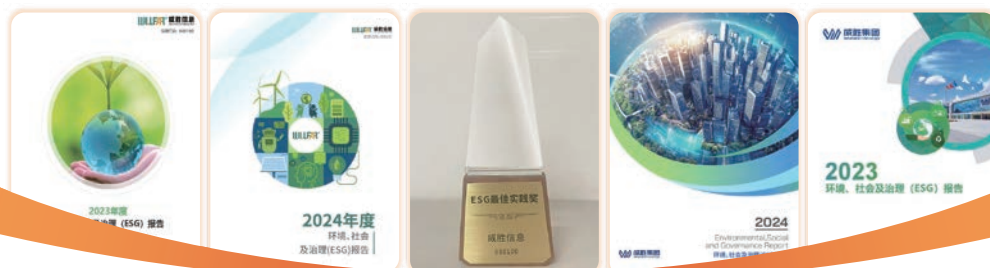
Since the launch of the information disclosure rating programme on the STAR Market in 2023, Willfar Information Technology Co., Ltd. ("Willfar Information") has **maintained an A rating** for its outstanding performance in information disclosure quality, transparency and compliance.

Guided by its quality philosophy, Willfar Information has innovatively established the "Intelligent Chain Quality Control" digital end-to-end quality internal control system, integrating internal control optimization into daily quality practices. It has been **successfully selected as a Best Practice for Internal Control of Listed Companies**, injecting new momentum into quality development through case innovation.



Under the guidance of the headquarters and with the collaborative participation of its holding subsidiaries, the Group achieves coordinated, comprehensive and complete information disclosure based on applicable disclosure guidelines, the overall performance direction and its own business characteristics, and compiles and issues annual social responsibility (or environmental, social and governance) reports. In addition, the Group encourages eligible entities to issue special reports focusing on material topics, gradually establishing an integrated ESG reporting system consisting of the Group's ESG report, social responsibility (or environmental, social and governance) reports of various subsidiaries and special topic reports.

ESG Report and Some of ESG-Related Honors



2025 1st China Yangtze River Economic Belt Outstanding Corporate Social Responsibility Enterprise

2025 Tonghuashun China Top 100 ESG Pioneer Enterprises

2025 Panorama Gold Award for Investor Relations Outstanding ESG Value Communication Enterprise

2025 Top 100 ESG Investment Value Enterprises

2025 Top 20 Enterprises with Excellent ESG Performance in Communication Equipment and Technical Services Industry among A-share and Hong Kong-listed Companies by Huazheng Securities

2.2 Responsible Communication and Stakeholder Engagement



We always regard stakeholder communication as an integral part of corporate governance and firmly believe that diverse demand is a key driving force for the sustainable development of a company. By establishing an integrated online and offline communication network, we have continuously improved our two-way dialogue mechanism. On the one hand, relying on digital platforms and physical exchange activities, we dynamically disclose the progress of the Group's responsible practices to safeguard stakeholders' right to information and participation. On the other hand, we have formed an institutionalized feedback process and a regular feedback system, effectively integrating stakeholders' suggestions into the formulation and implementation of the ESG strategy to achieve value co-creation.

2.2.1 Diversified communication: precisely identifying stakeholder demand

Through systematic assessment, we have categorized stakeholders into eight representative core groups. Based on this framework, the Group has established a structured communication mechanism and adopted multi-level and multi-form interactive channels to ensure that the demand of all parties is effectively identified and promptly addressed. We have developed differentiated communication strategies tailored to the characteristics and priorities of different groups, and maintained close contact with various stakeholders throughout the reporting period. Through regular dialogue mechanisms, we carefully listen to and actively respond to their expectations and suggestions for the Group's sustainable development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

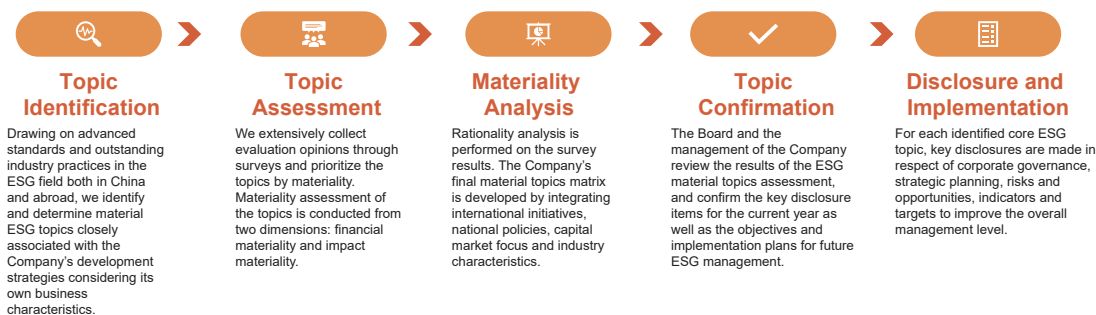
Responsible Communication and Stakeholder Engagement

Stakeholders	Expectations & Demand	Communication & Response
 Users	Reliable products and quality services Privacy protection and honest performance	Customer satisfaction surveys, customer service hotline Social media platforms, official company website
 Employees	Compliant employment, remuneration and benefits Health rights and career development	Employee satisfaction surveys, training and promotion platforms Health and safety protection, diversified communication channels
 Shareholders	Return on investment and steady operation Sustainable development and anti-unfair competition	Shareholders' general meetings, information disclosure Public media promotion, risk and opportunity management
 Industry	Industry innovation and fair competition Industrial chain development and promotion of industry progress	Exhibitions, industry exchanges and learning Seminars, industry forums and case references
 Suppliers	Mutual benefit and win-win cooperation, performance in accordance with laws Transparent procurement and supply chain security management	Bidding and evaluation, supplier conferences Supplier information platform, training and learning
 Community	Job creation and community development Green public welfare and environmental protection	Volunteer services, public welfare and charitable activities Local employment, local procurement
 Country	Dual carbon and dual control, compliant operation Integrity development and driving economic growth	Regular information disclosure, acceptance of supervision and inspection Participation in benchmark competitions, enhancement of compliance management
 Society	Social responsibility and public welfare Energy conservation, consumption reduction and low-carbon awareness	Charitable donations, volunteer activities Media events and conferences, company promotion and visits

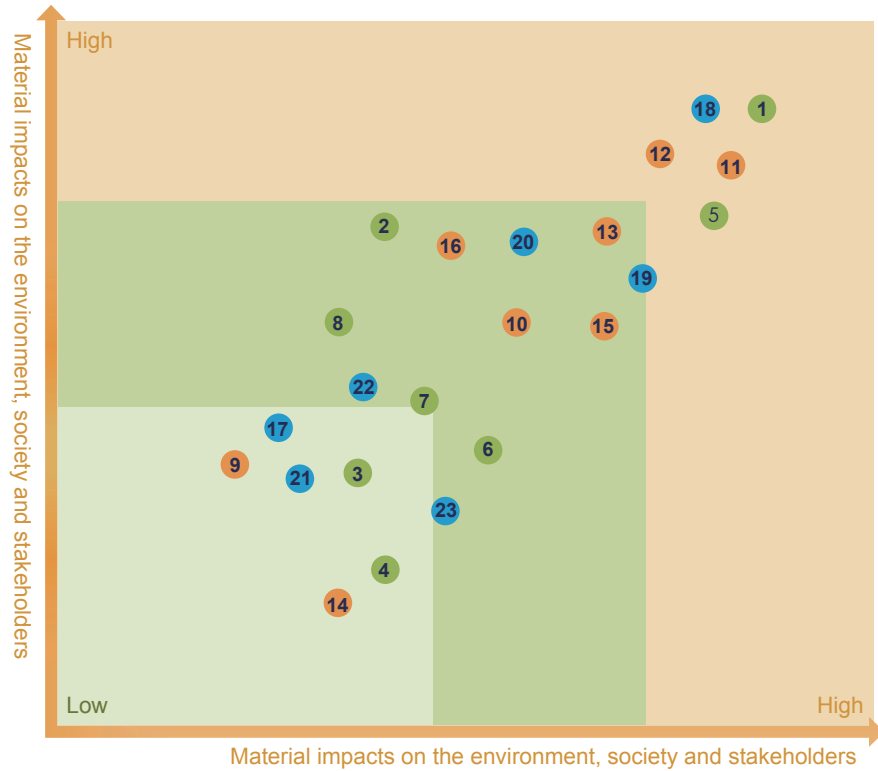


2.2.2 Dynamic identification: establishing an ESG materiality assessment system

To scientifically determine the priority of ESG topics, we have established a dynamically updated materiality assessment system. With reference to international standards and integration of authoritative ESG rating frameworks, we focus on climate change, natural resources, occupational health and safety, supply chain management, business ethics, corporate sustainable development and other areas to extensively collect relevant topics. The Group adheres to a double materiality principle, considering both the impact of ESG issues on the Group's business and financial performance (financial materiality), as well as the Group's impact on the environment, society and stakeholders (impact materiality). An annual update mechanism has been established based on changes in internal and external environments. By inviting representatives of diverse stakeholders to participate in the assessment, we ensure the results are objective and comprehensive, and can dynamically respond to evolving external factors and social expectations.



In 2025, the Group continued to conduct identification, materiality assessment and screening of ESG substantive topics, with key topics highlighted in the report.



Key Topics	Important Topics	General Topics
<ul style="list-style-type: none"> 1 Climate change response 5 Green products and technologies 11 Product and service safety & quality 12 Data security and privacy protection 18 Risk management 	<ul style="list-style-type: none"> 2 Low-carbon awareness among consumers 8 Environmental compliance management 10 Anti-forced labour 13 Social contribution 15 Supply chain responsibility management 16 Innovation-driven development 19 Shareholder rights protection 20 International market expansion 	<ul style="list-style-type: none"> 3 Water resource protection 4 Waste management 6 Circular economy 7 Use of energy 9 Employee welfare and health 14 Anti-discrimination 17 Stakeholder communication 21 Anti-unfair competition 22 Strategic management 23 Board independence and diversity
<p> Environmental</p>	<p> Social</p>	<p> Governance</p>

(Wasion 2025 ESG Topic Analysis Matrix)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

2.2.3 Dual carbon response: improving the environmental risk management mechanism



Wasion actively responds to the national “Dual Carbon” goals and global sustainable development initiatives. We integrate environmental risks into our overall risk prevention and control system, conduct in-depth identification, investigation and assessment of ecological and environmental risks, establish an environmental risk monitoring system, and focus on strengthening risk prevention and control for the identified “six major environmental risk factors”. We continue to improve the enterprise environmental risk grading and assessment system, and have formulated the management systems including the Procedures for the Identification, Evaluation and Control of Environmental Factors, Procedures for the Control of Risks and Opportunities, and Measures for the Investigation and Management of Potential Hazards, taking targeted measures for risk management and control.

We strictly comply with the Law of the People’s Republic of China on Environmental Protection, Law of the People’s Republic of China on Energy Conservation, Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution, Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and other relevant laws and regulations, and implement national and industrial environmental protection standards. We have established and continuously improved the Company’s environmental protection management system, forming a “1+N” environmental protection management system with the green development strategy as the core, supported by special management systems for environmental protection of construction projects, environmental information, environmental incidents, pollution discharge permits, online monitoring of pollution sources and other areas.

▼ *Refined whole-process control of emissions*

In 2025, during our daily operations, the Group complied with national and local laws and regulations that have a material impact on the Group regarding waste gas emissions, discharge into water and land, and generation of hazardous and non-hazardous waste. Given the nature of the Group's business, its main emissions during the reporting period included waste gas, greenhouse gases, wastewater and solid waste. To improve the integrity and accuracy of environmental data management, the Group optimized data collection methods in 2025 to calculate and disclose waste gas emission data. The Group's emission data of waste gas, wastewater and solid waste are presented in the table below. For the Group's greenhouse gas emission data, please refer to the table "Summary of Greenhouse Gas Emissions" under section 3.2 "Climate-related Disclosures" of the report.

Environmental performance indicators — emissions

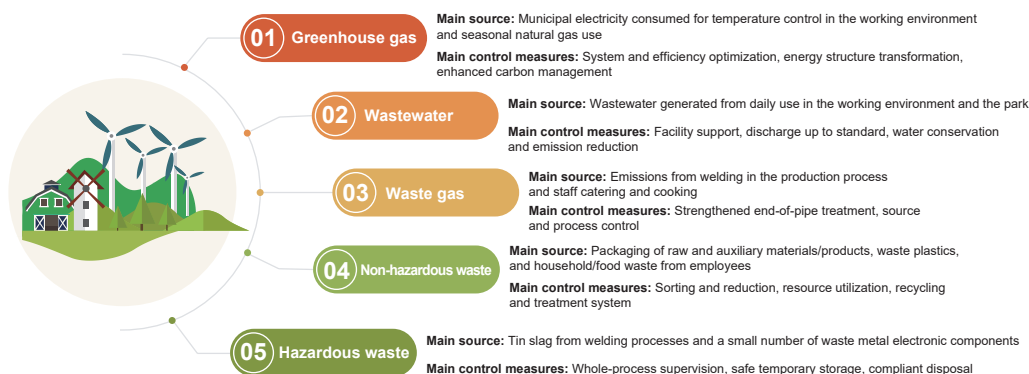
Types of emissions	Key performance indicators	Unit	2024 ¹		2025	
			Emissions	Intensity ² (Unit/RMB million revenue)	Emissions	Intensity ² (Unit/RMB million revenue)
Waste gas ³	Sulfur oxides	Kg	—	—	6	6.36x10 ⁻⁴
	Nitrogen oxides	Kg	—	—	337	3.34x10 ⁻²
	Particulate matter	Kg	—	—	70	6.92x10 ⁻³
Non-hazardous waste	Non-hazardous solid waste ⁴	Tonne	2,618	0.30	2,017	0.20
	Wastewater	M ³	415,560	47.67	461,500	45.81
Hazardous waste	Hazardous solid waste ⁵	Tonne	35.35	4.12x10 ⁻³	35.94	3.57x10 ⁻³

1. Emissions and intensities for 2024 are extracted from the Group's 2024 ESG Report.
2. Emission intensities for 2025 are calculated by dividing the respective emissions of waste gas, solid waste and wastewater by the Group's 2025 revenue of approximately RMB10,073.53 million;
3. In 2025, the Group improved the quality of data disclosure by including air pollutants emitted from the consumption of diesel and gasoline by its fleet vehicles;
4. The Group's non-hazardous waste mainly consists of waste paper, waste plastics, household waste and food waste; and
5. The Group's hazardous waste mainly comprises tin slag generated from the welding process.

We have established an emissions management system covering source identification, process monitoring and end-of-pipe treatment. Targeted management strategies have been formulated for various types of emissions, and continuous resources have been invested in technological innovation and process optimization.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

By implementing clean production technologies, adopting high-efficiency treatment facilities, deploying real-time monitoring networks and conducting regular accounting and analysis of emission data, we ensure the compliant discharge of greenhouse gases, waste gas, wastewater and all types of solid waste (including hazardous waste) in accordance with legal standards. Meanwhile, we actively explore pathways for a circular economy, promote the resource utilization of waste, and minimize the environmental impact of our operations. Benefiting from the above waste reduction measures, the Group's discharge of non-hazardous solid waste in 2025 decreased significantly by approximately 30% compared with the previous reporting year.



Systematic improvement of resource utilization efficiency

In 2025, the main resources consumed by the Group included electricity, diesel, gasoline, natural gas, water, paper and packaging materials. During the reporting year, the Group improved its data collection methods and included diesel and gasoline for industrial and transportation use, as well as office paper, in its disclosure.

Environmental performance indicators — resource consumption

Types of resource	Key performance indicators	Unit	2024 ¹		2025	
			Consumption	Intensity (Unit/RMB million revenue)	Consumption	Intensity ² (Unit/RMB million revenue)
Energy	Electricity	KWh	31,507,930	3,614.73	24,615,230	2,443.56
	Diesel ³	Liter	—	—	44,857	4.45
	Gasoline ⁴	Liter	—	—	54,669	5.43
	Natural gas	M ³	489,071	56.11	534,845	53.09
Other resources	Water	M ³	574,079	65.86	640,492	63.58
	Packaging material ⁵	Tonne	2,769	0.32	2,015	0.20
	Paper ⁶	Kg	—	—	9,460	0.94

- Resource consumption and intensity for 2024 are extracted from the Group's 2024 ESG Report;
- Resource consumption intensity for 2025 is calculated by dividing the consumption of various resources by the Group's 2025 revenue of approximately RMB10,073.53 million respectively;
- In 2025, the Group improved data collection and included diesel consumption for industrial operations and transportation in its disclosure;
- In 2025, the Group included gasoline consumption for transportation in its disclosure;
- Packaging materials used by the Group mainly consist of cartons, as well as a small amount of plastic and wood; and
- In 2025, the Group improved the quality of data disclosure by including office paper consumption within the scope of disclosure.

The Group's electricity is mainly used for daily office operations and the operation of various electrical equipment and devices in factories. During the reporting year, the Group also consumed diesel, gasoline and natural gas for daily operations and transportation.

We uphold the circular economy concept of "energy, water and material conservation", and integrate resource efficiency management into all procedures of product design, production operation and supply chain.

In low-carbon energy management, we focus on the energy-intensive processes of in our production workshops and improve energy utilization efficiency through the dual drivers of technical transformation and intelligent management and control. On the one hand, we promote the iteration and upgrading of traditional production equipment, replace with high-efficiency and energy-saving motors, variable-frequency air compressors and other equipment, and optimize energy consumption parameters of core processes such as welding, coating and assembly. On the other hand, we accelerate the green transformation of the energy structure, promote distributed photovoltaic power generation systems, and actively purchase and use green electricity. Meanwhile, we have established a three-level energy metering system covering workshops, production lines and teams, monitored energy consumption data in real time through the industrial Internet platform, conducted regular benchmarking analysis on energy consumption, identified energy-saving potential and formulated targeted improvement measures.



In the efficient utilization of water resources, we have continuously optimized production processes, renovated water-saving equipment, and built water recycling systems to improve water resource efficiency. We conduct regular whole-process monitoring, analysis and auditing of water usage data, and enhance employees' awareness of water conservation to ensure standardized and transparent water resource management. The Group maintains appropriate water usage and secures sufficient supply through municipal water systems, with no challenges in water source access. Due to the effective implementation of the said measures, the Group's electricity consumption in 2025 decreased by approximately 28% year-on-year compared with the previous reporting year.


ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

In its operations and business activities, the Group uses paper and a small amount of wood as packaging materials. By optimizing material selection and supply chain management, the Group is committed to reducing its environmental impacts while ensuring product quality, thereby advancing the green transformation of the packaging process. Benefiting from these initiatives, the Group's consumption of packaging materials during the reporting year decreased by approximately 37% compared with the previous reporting year.

▼ Collaborative protection of the environment and natural resources

We fully recognize that our business activities are closely interconnected with and mutually influential to the surrounding ecosystems and natural resources. In the process of project development and operation, we proactively conduct environmental impact assessments, aiming to reduce reliance on natural resources such as land and raw materials and achieve harmonious coexistence between corporate development and the natural environment. In addressing climate change, we systematically conduct carbon emission inventories and energy audits, and continuously promote energy efficiency improvement and process optimization in the production process. In terms of ecological protection and pollution prevention, we strictly implement the environmental impact assessment system and the "Three Simultaneities" system for construction projects, ensuring the stable operation of environmental protection facilities and the discharge of pollutants up to standard.

Case study



From 16 to 20 February 2025, the 22nd African Water and Sanitation International Congress and Exhibition was grandly held in Kampala, Uganda.

As a world-leading digital and intelligent solution provider for the energy industry, **Willfar Information** made a stunning appearance with its **smart water management, smart metering and AMI solutions**, fully showcasing the Company's innovative technologies and application achievements in digital and smart water resource management.

To further strengthen environmental management, the Group has established clear environmental objectives to guide daily operations and strategic decision-making. These objectives cover key areas including improving energy efficiency, reducing greenhouse gas emissions and waste discharge, and promoting resource recycling, ensuring that all environmental management measures are quantifiable, traceable and sustainably implemented. In 2025, the Group reviewed and updated its existing environmental objectives. In the target-setting process, the Group followed the principle of comparability. All quantitative targets were based on the 2024 baseline, with an approximately 1.5% reduction rate set thereon to continuously drive the improvement of environmental performance.

Summary of Environmental Targets

Indicators	Unit	2024 Target	2025 Target
Scope 1 and Scope 2 greenhouse gas emission intensity	tCO ₂ e/RMB million revenue	3.3	3.3
Wastewater	Tonne/RMB million revenue	75	74
Non-hazardous solid waste	Tonne/RMB million revenue	0.35	0.34
Hazardous solid waste	Qualitative target	Fully recyclable	Fully recyclable
Electricity	KWh/RMB million revenue	4,780	4,708
Natural gas	M ³ /RMB million revenue	92	91
Water resource	Tonne/RMB million revenue	115	113
Packaging materials	Qualitative target	Recyclable	Recyclable

During the reporting period, no cases of non-compliance with environmental laws and regulations were identified.

Going forward, we will continue to improve our environmental management system, proactively disclose environmental performance, accept public oversight, and work with value chain partners to advance green transition, contributing to the protection of the planet and the achievement of harmonious coexistence between humanity and nature.

For content relating to climate change response and analysis, please refer to the climate-related disclosures section of the report. For management approaches and actions taken to reduce the environmental and natural resource impacts of our business activities, please refer to section 3 “RESPONSIBILITY FULFILLMENT” of the report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

3. RESPONSIBILITY FULFILLMENT

3.1 Continuing to deepen green and low-carbon

Wasion has always been guided by national strategies with the direction of “internationalization, digitalization and green development”, firmly upholds its corporate mottoes of “Perfect Work with Passion, and Success Achieved with Integrity”, and fully integrates green and low-carbon concept into its overall development strategy and medium-to long-term planning. Through initiatives such as improving green supply chain management, focusing on green development, exploring the carbon trading market, and innovating products and services, it systematically advances its carbon peak and carbon neutrality initiatives, continuously contributing its corporate strength.

Case study

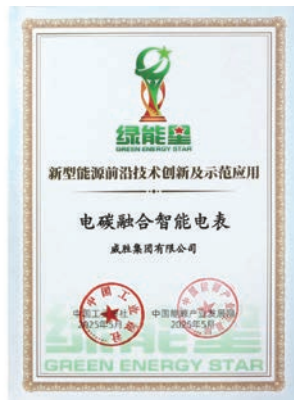


In November 2025, Willfar Information was successfully selected as one of Hunan Province’s Top Ten “AI+” Enterprises, making it on the core backbone list of Hunan’s AI industry.



In October 2025, Willfar Information successfully passed the review for the national-level Specialized, Refined, Differential and Innovative “Little Giants” Enterprises due to its consistently leading innovation capabilities, sound operational performance and deep industry expertise.

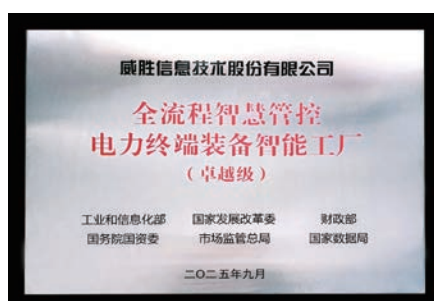
Case study



In May 2025, at the “510 China Brand Day — Energy Industry Brand Promotion Week and Energy Industry Brand Building Annual Conference (2025)”, the China Energy Research Association officially announced the list of the “100 Typical Cases of Energy Industry Brand Achievements in 2025” and awarded certificates of honor to the organizations recognized in these cases. The smart electric carbon integrated meters of Wasion Group Limited (“Wasion Group”) were honored as a typical case of technical product brand achievements.

At the operational level, we continue to strengthen the top-level design of our environmental management, fully integrating green concept into our operation and production. We systematically advance the continuous optimization of our park's ecological environment and the adoption of clean energy, continue to enhance green coverage through scientific planning, and actively develop distributed photovoltaic projects, so as to build a green park that harmonizes with nature and utilizes clean energy. Meanwhile, we proactively conduct environmental publicity and education and public welfare activities to effectively promote the harmonious coexistence of enterprises with nature and people with the environment, resolutely pursuing a path of high-quality development that prioritizes ecology and embraces green and low-carbon practices.

Case study



The 2025 Hunan Province Smart Manufacturing Promotion Conference was held in Changsha. **Willfar Information was recognized as a “National Excellence-Level Smart Factory”.**



3.1.1 Low-carbon coexistence: building a harmonious and green park



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Green and low-carbon development is the core path to high-quality corporate growth. In the planning and operation of Wasion Technology Park, we have consistently upheld the ecological philosophy of “nature as the foundation, technology as the lifeblood”, and systematically integrated the ecological environment construction with the utilization of clean energy, forging a distinctive development path for a green park. The park has an overall green coverage rate exceeding 60%. Through scientific planning, we have created a vibrant natural landscape with rich layers of vegetation, providing employees with a comfortable and healthy working environment. Meanwhile, we have established an efficient green energy system. Distributed photovoltaic and energy storage systems installed on factory rooftops cover the building complex like silver scales, providing an average of approximately 1,171,800 KWH of clean electricity annually. This not only directly powers the efficient operation of our technology production lines, but also steadily reduces the park’s operational carbon footprint. Through the synergistic integration of landscaping and photovoltaic systems, Wasion has taken a solid step toward building a green park that is both aesthetically pleasing and highly efficient, laying a solid foundation for the comprehensive realization of low-carbon operational objectives.

3.1.2 Digital and intelligent empowerment: building efficient and green factory

We are committed to integrating environmental protection into the entire process of our business operations. We strengthen environmental management and strictly control environmental impacts in terms of design, supply chain system and production operation, continue to optimize production processes and improve resource efficiency, so as to comprehensively build a resource-efficient, environmentally friendly green enterprise.

To strengthen full chain carbon emissions management, the Company has refined its greenhouse gas emissions monitoring and verification mechanism with reference to carbon neutrality management system standards such as ISO 14068, and established a data-driven carbon management system that covers organizational, product and project levels. By focusing on direct and indirect carbon emissions during operations, the Company has prioritized full life cycle carbon footprint evaluation for core products, and scientifically formulated pathways for energy conservation and carbon reduction based on carbon inventory and scenario analysis, driving a comprehensive transformation of its management mechanism from “dual control of energy consumption” to “dual control of carbon emissions.”

Case study

The Group adheres to the ESG development philosophy, conducts product carbon footprint evaluation to accurately quantify full life cycle carbon emissions level of products, establishes a full process carbon footprint management system, and drives environmental performance improvement through green product innovation, thus supporting its sustainable development and fulfilling its social responsibilities.

▼ *Building a green office system and advancing low-carbon transformation of operations*

We systematically advance the construction of a green office system. Focusing on three key dimensions of system standardization, process digitization and culture normalization, we fully integrate the concept of low-carbon development into our organizational operations and systematically build a modern office model that is resource-efficient and environmentally friendly.

Case study



Willfar Information demonstrated outstanding performance in the digital transformation implementing standard rating assessment organized by the Ministry of Industry and Information Technology, and **was successfully awarded a “three-star” rating for digital transformation maturity**, marking its leading domestic level in the field of digital transformation.



Willfar Information was successfully shortlisted in the “List of Service Providers in the Hunan Province Digital Transformation Ecological Supply Resource Pool (2025)”, and **was awarded the “Comprehensive Solution Provider for the Hunan Province Manufacturing Digital Transformation Ecological Supply Resource Pool”**.

- **Improving green management system to strengthen the foundation for low-carbon operations**

We have established a systematic green office management system and set scientific energy saving and emission reduction targets. In terms of waste management, we strictly enforce standardized procedures for sorting, recycling and disposal, and ensure the effective implementation of reduction, resource-based and harmless principles through mechanisms such as ledger tracking and regular assessment. In terms of energy conservation in infrastructure, we have established systematic regulations covering the procurement of energy-efficient products, the operation of air conditioning and lighting system, and requirements for the application of smart control technologies. Through measures such as installing smart sensing control systems, maximizing natural lighting and scientifically adjusting air conditioning parameters, we have integrated green operational principles into all aspects of our operations, and continuously enhanced the institutionalization and precision of our energy and resource management.

- **Enhancing the climate risk management system and improving climate resilience**

In 2025, the Group collaborated with external consultants to establish a systematic climate risk management framework that closely aligns with the requirements of the Environmental, Social and Governance Reporting Code issued by the Hong Kong Stock Exchange, expanded the scope of greenhouse gas accounting and standardized risk identification, assessment and management. By formulating and implementing specific documents such as the Internal Climate Risk Management Process, we clarified responsibilities, optimized workflows and strengthened collaboration, continued to improve our climate governance capability and information disclosure level, and continued to meet the expectations of regulators and stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)



- **Accelerating process digitization to build a paperless office environment**

We comprehensively promote integrated digital office and advance online collaboration across core management scenarios such as administration, human resources and finance. The widespread adoption of electronic invoicing system, electronic contract signing and video conferencing, along with the implementation of mechanisms such as double-sided printing and equipment sharing, has not only improved operational efficiency and reduced carbon emissions at the source, but has also further strengthened resource recycling and significantly reduced paper consumption.
- **Deepening internal cultural cultivation to enhance all employees' environmental awareness and capabilities**

We always view employees as the core driving force behind our green initiatives. We adhere to a combination of institutional guidance and cultural cultivation, and have established a routine, comprehensive and multifaceted mechanism for public education and behavioral guidance. In recent years, the Group has leveraged internal platforms, specialized training and themed cultural projects to continuously disseminate knowledge on energy conservation and carbon reduction, thereby enhancing employees' skills in green practices. In 2025, based on national theme activities such as the "National Energy Conservation Awareness Week" and "National Low-Carbon Day", the Group actively organized a series of activities including walking activities, knowledge competitions and theme exhibitions. It has conducted more than ten environmental publicity and practical activities in total, effectively strengthening employees' awareness of ecological civilization and their proactive engagement. This has effectively facilitated the transformation of green concepts from recognition and acceptance to behavioral habits, gradually fostering a green working environment characterized by all-staff participation and voluntary action.



As a brand-led campaign that Wasion has organized for nine consecutive years, this year's event innovatively adopted an "online check-in + offline engagement" model for the first time. The initiative reached Wasion employees nationwide, taking the event as a platform to promote the concepts of green, low-carbon and healthy living.

- **Enhancing low-carbon awareness to build an ecological future together**

While deepening internal development, the Group actively leveraged its brand influence and resource integration strengths to continuously promote systematic and interactive communication of sustainable development concepts to the general public. We actively participated in ecological public welfare projects, and demonstrated the Company's initiatives and practical results in green operations and low-carbon transformation from multiple perspectives through diverse channels such as promoting the establishment of green product standards, hosting exhibitions of products and low-carbon technology achievements, and organizing green technology exchange seminars, so as to actively spread green concepts. Through accessible and engaging communication methods, we enhanced public awareness of ecological conservation and their active participation, thereby fostering a broader social consensus on environmental protection and contributing to the creation of an ecological future where humanity and nature coexist in harmony.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

- ▼ *Upgrading green manufacturing to lead the low-carbon transformation of the manufacturing sector*
With the creation of smart green factory as a strategic focal point, the Group drives digital and low-carbon transformation and systematically builds a new production system centered on clean energy and smart manufacturing.

On one hand, we leveraged distributed photovoltaic facilities across our factory to enhance our self-sufficiency in green electricity, and significantly improved green electricity consumption by continuously increasing the proportion of purchased green electricity, achieving low-carbonization at the source of energy. On the other hand, we deeply integrated automation and information technologies, and systematically improved resource productivity by implementing lean and automated upgrades to key processes, investing in advanced and efficient equipment, and adopting data-driven energy efficiency management, driving the transformation and upgrading of our production system toward low energy consumption, low emissions and high efficiency, enhancing operational resilience and building core green competitiveness.

Moving forward, we will continue to deepen the integrated development of green factory and smart factory, and leverage technological innovation to drive the manufacturing system toward green, efficient and sustainable operations, thus to provide the industry with a replicable pathway and practical model for low-carbon transformation.

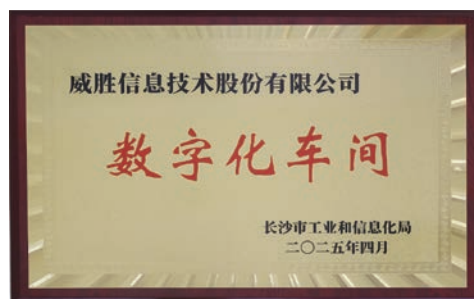
Case study



Wasion Group's smart energy metering smart factory has been recognized as an Advanced-Level Smart Factory for 2025. Using the smart factory as its primary platform, the Group actively drives the digital transformation and intelligent upgrading of the manufacturing sector.



Case study



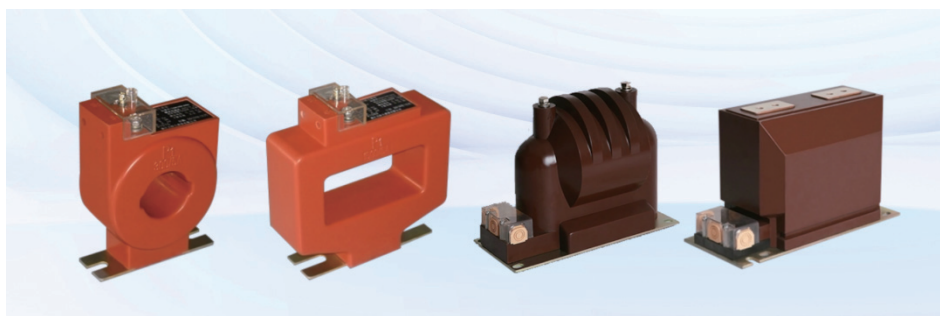
Willfar Information has been selected as a Hunan 2025 Advanced-Level Smart Factory, with three major innovations serving as benchmarks for full process digitalization. As a key practical carrier of the "Made in China 2025" strategy, Willfar Information continues to deepen its expertise in smart manufacturing and has previously been honored as the National "Green Factory," National Green Supply Chain Management Enterprise, Hunan Provincial Smart Manufacturing Model Workshop and Changsha Municipal Digital Workshop.



3.1.3 Energy efficiency-driven: developing smart green products

In the face of the global challenge of climate warming, the “zero carbon economy” has become a global common goal. The Group actively responds to the national strategic deployment for the comprehensive implementation of the Paris Agreement, deeply embeds the concept of sustainable development into its corporate strategy, and injects technological and industrial momentum into global climate governance. In light of China’s comprehensive transformation toward a green and low-carbon economy and society and the continuously accelerating adjustment of the energy structure, the Group closely aligns with the national “double carbon” goal, leverages over two decades of experience and technical expertise in the energy sector, and focuses on integrated energy internet solutions to comprehensively support the upgrading of power systems, energy conservation and carbon reduction in industrial and commercial enterprises, and the enhancement of energy efficiency in urban public facilities, so as to help build a new energy system that is clean, low-carbon, safe and efficient.

Case study



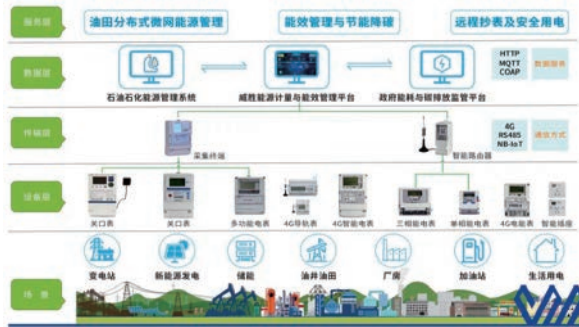
As power system continues to evolve toward greater intelligence and efficiency, high precision and reliability have become key drivers of industry development. Adhering to its philosophy of innovation, Wasion Group **launched the new-process epoxy resin cast electromagnetic current/voltage transformer product**, providing more accurate, reliable and environmentally friendly solutions for medium/low-voltage power system metering, protection and industrial electricity fields through material optimization and process upgrades.



With accelerating clean and low-carbon transformation of the energy structure, energy-intensive industries such as petrochemicals are actively pursuing clean energy alternatives and intelligent upgrades. In this process, given the widespread issues in oilfield power distribution systems such as low energy efficiency, outdated equipment and rudimentary management, the implementation of refined energy monitoring and dynamic energy efficiency management has become a key pathway for industry transformation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Case study



Wasion Group has introduced a smart energy management solution tailored for the petrochemical industry, providing technical support for enterprises to enhance energy efficiency and achieve low-carbon transformation. This solution encompasses smart metering solution, distributed microgrids for oilfields solution, enterprise energy efficiency management solution and shared electricity usage solution, respectively corresponding to four major application scenarios of residential areas in oilfields, distributed new energy at oil wells, production of petrochemical enterprises and public areas of petrochemical enterprises.



Case study



In response to the high energy consumption and the need for energy management and conservation of the petrochemical industry, Wasion Group has developed an energy efficiency management solution for high energy consumption enterprises, which enables comprehensive monitoring, analysis and evaluation of electricity usage and energy consumption of petrochemical enterprises. Through the informatization and visualization management of energy consumption process, it optimizes energy usage in production, effectively enhances energy efficiency management standards, and helps them achieve their double carbon evaluation goal.



During the critical period of global energy transformation, Wasion proactively collaborates with international partners to jointly promote the sustainable development of clean energy and infrastructure.

Case study

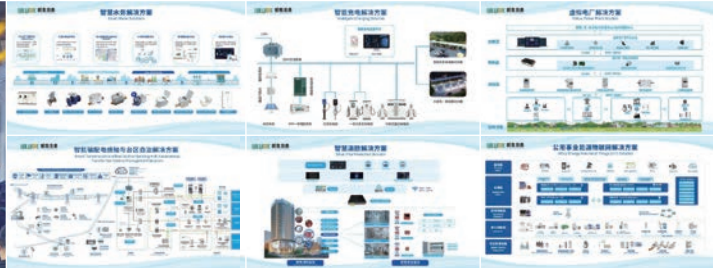


Deepening local partnerships by empowering green development in Southeast Asia with smart energy technology

To support global low-carbon transformation, PT WILLFAR factory, the first overseas production base of Willfar Information, officially opened on 10 April 2025 at the Bekasi Industrial Park, Indonesia. PT WILLFAR factory integrates R&D and production, focusing on core products in the smart energy sector, aiming to support the green and smart progress of energy infrastructure in Indonesia and Southeast Asia by providing low-carbon, smart products and services that better meet local requirements.



Case study



Green solutions lead innovation in the energy IoT

At the second Metrology Instrumentation and Equipment Exhibition, Willfar Information displayed its core solutions based on its independently developed "IoT + Chip + AI" technology. During the exhibition, leaders from the State Administration for Market Regulation visited the Company's booth, **highly recognized its technological innovation capabilities and the effectiveness of its industry applications**, and indicated that the Company's R&D direction aligns closely with the policies for new power system construction and green energy transformation. During this exhibition, **Willfar Information provided a specific model for exploring pathways toward collaborative innovation and sustainable development in the industry through in-depth communications with the industrial chain.**



Case study



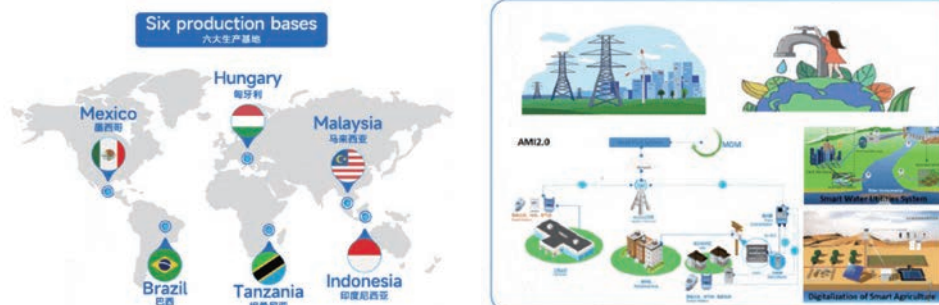
Deepening energy cooperation to build a green South Africa together

On 10 April 2025, a delegation led by Kgosientsho Ramokgopa, Minister of Electricity and Energy of South Africa, visited the Wasion Technology Park for a research and inspection tour. They engaged in in-depth exchanges on topics including new energy development, power grid upgrades, smart power distribution and energy management systems, which not only deepened bilateral relations but also demonstrated how Wasion, through innovative technologies and localized practices, actively helped South Africa improve the efficiency of renewable energy utilization and optimize energy infrastructure, thereby **making substantial contributions to advancing South Africa's sustainable development and energy transformation.**



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Case study



Collaborative promotion of deepened overseas layout and technological empowerment

As our globalization strategy continues to advance, the Group's internationalization process has accelerated comprehensively, and has established a development framework in which our three principal businesses, namely Smart Grid Solutions, AI-Integrated Energy Efficiency Solutions and Digital Energy Services, collaborate in overseas expansion. Under this framework, guided by "technological overseas expansion", the Group deepens localized operations and regional layout, continues to expand the scale of its overseas business by expanding surrounding areas based on key markets, and drives transformation of its business model from the export of individual products to the implementation of systematic solutions. Particularly in regions such as Southeast Asia, **the Group is deeply involved in the construction of local digital energy systems, providing solid support for regional sustainable development and digital progress.**



3.2 Climate-related disclosures

In recent years, climate change has had a profound and lasting impact on businesses, communities and ecosystems worldwide, and has become a key factor influencing long-term development and value creation. As a company deepening its development in energy metering and energy efficiency management, Wasion fully recognizes the impact of climate-related risks on corporate sustainability, and is committed to progressively integrating climate considerations into corporate governance and operational decision-making, so as to address climate-related risks in a more systematic manner while seizing development opportunities arising from the low-carbon transformation.

In response to global sustainability trends and evolving regulatory requirements, in accordance with the climate-related disclosure requirements under new Part D of the Environmental, Social and Governance Reporting Code issued by the Hong Kong Stock Exchange and with the assistance of external advisors, we have gradually established a comprehensive climate management framework, which is designed to strengthen the identification, assessment and management of climate-related risks and opportunities, while enhancing transparency regarding their impact on business operations and financial performance.

This section outlines our management approach and progress in climate action across four core pillars, namely governance, strategy, risk management, and metrics and targets, reflecting our ongoing commitment to actively addressing climate change.

3.2.1 Governance

Governance framework

A healthy governance framework is the foundation for a company to continuously enhance the management and transparent disclosure of climate-related risks. The Group attaches great importance to the long-term corporate sustainability, considers sustainability as an integral part of its strategic management, and is committed to incorporating ESG issues into business decision-making and long-term planning. To this end, we have established an ESG governance framework characterized by clear responsibilities, well-defined roles and efficient operations to coordinate the management and oversight of ESG matters at the Group level. For more details regarding the Group's ESG governance framework, please refer to "Sustainable Development Management" in section 2.1 of the report.

To raise awareness of climate issues within the Group and provide guidance at the decision-making level, we are progressively integrating climate issues into the Group's ESG governance framework. As the highest decision-making body, the Board of the Group is responsible for guiding the Group's long-term sustainable development strategy and bears ultimate oversight responsibility for material ESG matters, including climate issues. The Group has established an independent Strategy and ESG Committee, which is responsible for setting the direction of the Group's sustainability and climate strategies, identifying material issues, and coordinating the division of labor and collaboration among internal functional departments to ensure that strategic objectives are effectively translated into practical management measures.

At the Group's operational level, business department and dedicated project working group develop implementation plans and action programs in accordance with the guidance of the Strategy and ESG Committee, and integrate climate management into daily operations and business processes through cross-departmental collaboration. Each department and working group regularly reports on implementation status and effectiveness to the management and relevant committees, while the Board oversees the Group's overall climate governance performance through the review of the annual ESG report and the assessment of progress toward ESG targets, and provides strategic guidance and recommendations for adjustments as necessary.

Skills and competencies

To ensure that individuals who regularly engage with and assess climate issues possess necessary knowledge and capabilities, we continuously promote internal capacity building to enhance employees' professional expertise in climate management. In response to increasingly stringent climate disclosure requirements, we organize internal meetings and exchange activities to deepen the understanding and application ability of relevant colleagues regarding disclosure standards and management priorities.

Meanwhile, we actively collaborate with external professional consulting firms to obtain professional advice on climate target setting, peer benchmarking and management methods. With gradual improvement of climate risk management work, we will further strengthen employees' relevant skills and capabilities in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

3.2.2 Strategy

To inform stakeholders of the potential impacts of climate change on the Group's business operations and to clarify the Group's overall strategy for addressing climate-related risks and opportunities, we conduct a systematic review and update of climate-related risks and opportunities relevant to our operations. Based on different time horizons, we have identified and summarized the material climate issues that may have a significant impact on the Group's operations, and outlined corresponding management and response measures.

Major climate risks and opportunities

Type	Effect	Countermeasures	
Physical risks	Increased frequency and severity of extreme weather events	<ul style="list-style-type: none"> The increased frequency and intensity of extreme weather events such as rainstorm, flood and continuous high temperature may cause damage to factories, warehouses and office facilities in the production park This may lead to supply chain disruptions or logistics delays, affecting production schedule and product delivery Employee commuting and operation safety may be affected, posing challenges to workforce stability and operational efficiency 	<ul style="list-style-type: none"> Identify key business activities and potential climate threats, and develop and improve business continuity plans to guide business recovery arrangements following extreme weather events Leverage digital and intelligent technologies to enhance daily operational management and adaptability to climate change Utilize risk warning and information notification mechanisms, and improve employees' emergency response capabilities through training and drills
Transition risks	Strengthened reporting obligations for emissions	<ul style="list-style-type: none"> With continuously enhanced requirements for greenhouse gas emissions disclosure and environmental information transparency in Mainland China, Hong Kong and overseas markets, the Group may need to further refine its emissions monitoring, data management and reporting systems covering production and manufacturing, energy use, logistics and transportation, and related operational activities Such requirements may cause additional costs for system development, data accounting, internal control and third-party verification, and impose higher requirements for data management 	<ul style="list-style-type: none"> Promote the application of intelligent management systems to enable online monitoring of energy use, promptly identify energy waste issues and implement improvement measures Continue to focus on the R&D and application of energy saving and emission reduction technologies, and promote energy saving and consumption reduction measures Establish a mechanism for monitoring regulatory and policy developments to keep abreast of the latest policy trends, and promote the communication and implementation of relevant regulatory requirements within the Group
	Strengthened low-carbon consumption awareness of consumers	<ul style="list-style-type: none"> With the advancement of global energy transformation and the continuous deepening of low-carbon policies, more attention is paid to the carbon emissions performance, energy efficiency levels and full life cycle environmental impacts of energy metering equipment and smart power grid solutions by power grid companies, utility customers and large enterprise clients If the Group fails to adequately address low-carbon product design, energy efficiency improvement, green manufacturing or related information disclosure, it may weaken its competitive advantage in the smart power grid and energy management markets 	<ul style="list-style-type: none"> Promote the automation transformation of production processes, optimize production processes, enhance production efficiency, and reduce the impact of human and environmental factors on production stability Gradually increase the proportion of green electricity and clean energy used in production and operations. By constructing distributed photovoltaic power generation systems, reduce operational energy consumption and emissions, and save electricity costs

The Group has not yet formulated a specific climate-related transformation plan, but has gradually implemented relevant climate response measures to mitigate the potential impacts of climate change on its daily operations and business activities. The Group will regularly monitor the effectiveness and progress of such measures, and will continuously review climate change trends and market developments to adjust its management strategies as appropriate.

Analysis of current financial effects

The Group did not record any material financial losses due to climate risks in 2025. Given that many of the aforementioned climate response measures are in the ongoing implementation or gradual enhancement phase, the Group has not yet conducted independent quantitative assessments of the financial effects arising from individual climate measures.

Overall, the financial effect of climate-related measures is primarily reflected in the following areas:

- Initial investments and ongoing operational expenses arising from system construction, equipment upgrades and compliance management;
- Reduced risks of potential operational disruptions and asset losses due to risk mitigation and enhanced business continuity;
- Potential operational cost savings resulting from improved energy efficiency and the application of clean energy.

To determine the materiality of climate impacts at the financial level, the Group defines a materiality threshold based on overall financial performance to identify climate matters that may have a material impact on the Group's results of operation and financial position. When the relevant impact equals or exceeds 5% of the Group's net profit for the current period, the matter will be deemed financially material and will be disclosed in the annual ESG report, relevant financial statements or other applicable disclosures. Going forward, we plan to gradually refine our data collection and analysis mechanisms to support the assessment and disclosure of current climate-related financial effects.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Analysis of anticipated financial effects

Type	Potential financial effects	
Physical risks	Increased frequency and severity of extreme weather events	In the short term (e.g., 0 to 3 years), the increased frequency and severity of extreme weather events may result in damage to the Group's facilities and equipment, leading to repair or replacement costs, as well as increased expenses related to temporary logistics arrangements, safety guarantee and operational adjustments. In the medium term (e.g., 4 to 6 years) to the long term (e.g., 7 to 10 years), the Group may need to further increase capital investment in facility upgrades and infrastructure resilience improvements to enhance overall operational resilience.
Transition risks	Strengthened reporting obligations for emissions	To address increasingly stringent emissions reporting obligations, the Group may need to allocate additional resources in the short term to strengthen the collection, management and disclosure of emissions data, thereby increasing compliance and related management costs. In the medium to long term, as carbon market mechanisms gradually mature and carbon prices rise, if emissions reduction progress fails to keep pace with relevant requirements, the Group may need to fulfill its compliance obligations by participating in carbon emissions trading or purchasing carbon credits, which could lead to higher operating costs.
	Strengthened low-carbon consumption awareness of consumers	In the short term, the Group may incur certain capital expenditures and operating costs while advancing the development of its green product system (including packaging optimization, green transportation and green supply chain management). However, in the medium to long term, establishing a green product system will help the Group enhance brand value, strengthen market competitiveness, and mitigate potential regulatory and market transition risks, thereby providing positive support for the Group's overall financial performance and sustainable development.

The Group currently assesses the potential financial effects of major climate-related risks under different scenarios using qualitative analysis. With improved data availability and more analytical experience, we will gradually deepen our analysis in the future and explore the introduction of quantitative analysis method.

Analysis of climate scenarios

To systematically analyze the potential impacts of significant climate issues on the Group, the Group conducted its first climate scenario analysis in 2025. This analysis helps us understand the evolution of identified climate risks under different pathways in the future, and provides a reference for future asset allocation, risk management and related financial effect assessment.

Selected scenarios

This analysis selected two representative and distinctly contrasting climate scenarios to serve as a reference basis for assessing future climate-related risks:

Scenarios	Reference scenarios for physical risks	Reference scenarios for transition risks
Scenario sources	The Shared Socioeconomic Pathways (SSP) in the Sixth Assessment Report of the Intergovernmental Panel on Climate Change	Network for Greening the Financial System (NGFS)
High-emission scenario	<p>SSP5-8.5</p> <p>This scenario describes a development pathway characterized by a severe lack of climate action, with the world continuing to rely on fossil fuels. Against this backdrop, fossil fuel consumption is projected to continue to rise, leading to a global temperature increase of more than 4°C by 2100.</p>	<p>NGFS current policies remain unchanged</p> <p>This scenario reflects a “business-as-usual” development model, assuming only current policies are maintained without further climate action to effectively curb the growth of greenhouse gas emissions. As emissions continue to rise, the world will face significantly heightened climate physical risks.</p>
Low-emission scenario	<p>SSP1-1.9</p> <p>This scenario represents the ideal pathway to achieve the Paris Agreement’s 1.5°C temperature control target, assuming the world drives deep emissions reduction under a highly coordinated policy framework. Global greenhouse gas emissions reach the peak by around 2030 and achieve net zero emissions by around 2050.</p>	<p>NGFS net zero 2050 scenario</p> <p>This scenario assumes a development pathway consistent with the 1.5°C temperature control target through timely climate policy interventions and the rapid deployment of low-carbon technologies. Under this scenario, long-term climate physical risks are relatively low, but short- to medium-term transition risks are more pronounced.</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Scope and methodology of the analysis

This climate scenario analysis primarily covers the Group's main business activities in Mainland China and Hong Kong. We have adopted a well-structured and logically consistent analytical approach to assess the Group's climate resilience and adaptability under various climate scenarios in the future.

During the analysis, we focused on the following scenario parameters:

- **Physical risk-related parameters:** sea level rise, global average temperature rise, extreme weather events
- **Transition risk-related parameters:** changes in carbon pricing, policies on climate and emissions reduction, green product and certification requirements

The assumptions and data underlying the analysis primarily referred to internationally recognized sources, including:

- The Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC)
- The Coupled Model Intercomparison Projects (CMIP6) of the World Climate Research Program (WCRP)
- World Resources Institute (WRI)
- The guidelines on climate-related information disclosure issued by the Stock Exchange of Hong Kong

Climate resilience analysis

Through climate scenario analysis, we assess the climate resilience of our business model under different climate development pathways. Under high-emission scenarios, the impacts of climate change are primarily reflected in increased uncertainty regarding physical risks, especially an increase in the frequency and severity of extreme weather events. These impacts remain generally manageable and can be mitigated through the Group's existing business continuity management arrangements and risk warning mechanisms.

Under low-emission scenarios, as climate policies continue to tighten at the global and regional levels, transition risks will be relatively more significant in the medium to long term. The Group may face challenges such as rising compliance costs and higher requirements on data management and emissions control capabilities. Meanwhile, this scenario also creates development opportunities for low-carbon products, improved energy efficiency and green solutions. By continuously optimizing energy management, driving improvement in production processes, and gradually strengthening low-carbon management capabilities, the Group can address transition pressures while capitalizing on opportunities arising from market structural changes.

Overall, the Group's existing business structure, geographical distribution and management arrangement demonstrate certain adaptability and flexibility in adjustment under different climate scenarios. Moving forward, we will regularly review climate-related strategies and management measures, and further refine our climate scenario analysis methodologies with improved data availability and analytical capabilities.

3.2.3 Risk management

Building on a governance framework with clear hierarchies and well-defined responsibilities, the Group further strengthened its management of climate-related risks and opportunities in 2025 by establishing a systematic approach to identify, evaluate, prioritize and manage these climate issues, thereby supporting more forward-looking decision-making and resource allocation.

Identification

With assistance of external consultants, the Group assessed the potential impacts of climate change on its business operations under various future climate scenarios. The analysis was conducted from a value chain perspective, covering key aspects such as electronic component procurement, production and operation, logistics and transportation, and the use of sold products, thereby identifying climate-related risks and opportunities that each business aspect may face.

Meanwhile, in light of the development of policies and regulations as well as regulatory trends, we screened and categorized potential climate issues to compile a preliminary list of climate-related risks and opportunities. This list comprises 13 climate-related risks and 9 climate-related opportunities, serving as the foundation for subsequent quantitative assessment and analysis.

Evaluation and prioritization

We applied a systematic scoring framework to evaluate each climate-related risk and opportunity from two dimensions, namely extent of impact and chance of occurrence. To support quantitative analysis, different grades of each scoring criterion was assigned a score from 1 to 5, with clear definitions set out in the evaluation system to ensure consistency and comparability throughout the evaluation process.

With assistance of external consultants, we set a threshold of 85% for prioritization. Any climate-related risk and opportunity with a rating score exceeding this threshold is classified as “priority” and is treated as a key focus area for the development and implementation of climate management initiatives. Through this mechanism, we enhanced the pertinence of resource allocation and management efficiency, while providing a clear basis for the formulation of climate response measures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Monitoring and management

We are committed to gradually integrating climate risk management into our broader enterprise risk management system to support the Group's long-term sustainability goals. In this process, we refer to the relevant principles of the international standard ISO 22301 Business Continuity Management System to develop and refine the Business Continuity Management Control Procedure corresponding to the Group's operational characteristics, so as to establish a more forward-looking risk prevention and response mechanism and continuously enhance our overall risk management level. We will conduct a regular review of the overall climate risk management process to ensure that identified climate-related issues and corresponding management measures remain consistent with the Group's overall strategic direction.



3.2.4 Metrics and targets

Climate-related metrics

In accordance with the Environmental, Social and Governance Reporting Code and relevant climate disclosure guidelines, the Group has selected climate and environmental performance metrics closely related to its business operations and environmental impact to monitor and evaluate its performance. These metrics primarily cover greenhouse gas emissions, fuel consumption, water usage and waste generation, and are used to support the Group's management and decision-making regarding the environmental and climate impacts of its operational activities.

Greenhouse gas emissions

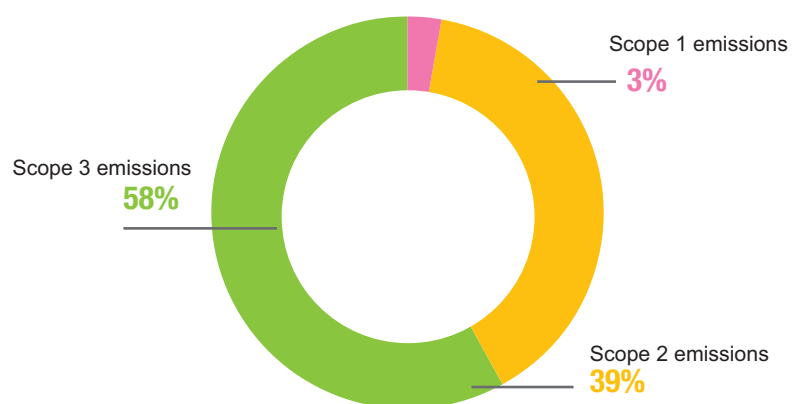
The Group regularly monitors its Scope 1, Scope 2 and Scope 3 greenhouse gas emissions, and presents its greenhouse gas emissions performance in terms of emissions and intensity during the year under review.

Summary of greenhouse gas emissions in 2025

Type	Key performance indicators	Unit	2025	
			Emissions	Intensity ¹ (Unit per Million RMB)
Greenhouse gas emissions	Scope 1 emissions ²	tonnes CO ₂ e	1,273	0.13
	Scope 2 emissions ³ (location-based)	tonnes CO ₂ e	15,018	1.49
	Scope 3 emissions ⁴	tonnes CO ₂ e	22,710	2.25
	Greenhouse gas removals from planted trees ⁵	tonnes CO ₂ e	86	0.01
	Total emissions	tonnes CO ₂ e	38,914	3.86

1. The intensity in 2025 is calculated by dividing waste gas, greenhouse gas emissions and other emissions by the Group's revenue in 2025 of approximately RMB10,073.53 million, respectively;
2. The Group's Scope 1 (direct emissions) includes only emissions from fossil fuels used by transportation vehicles;
3. The Group's Scope 2 (energy indirect emissions) includes only emissions from purchased electricity consumption;
4. In 2025, the Group expanded its emissions inventory and included Scope 3 emissions in its disclosures for the first time, including emissions related to Category 1: purchased goods and services (electronic components), Category 2: capital goods, Category 3: fuel- and energy-related activities, Category 5: waste generated in operations, Category 6: employee business travel and Category 11: use of sold products; and
5. In 2025, the Group further improved its data disclosure to include greenhouse gas emission reductions offset through tree planting.

Distribution of greenhouse gas emissions in 2025



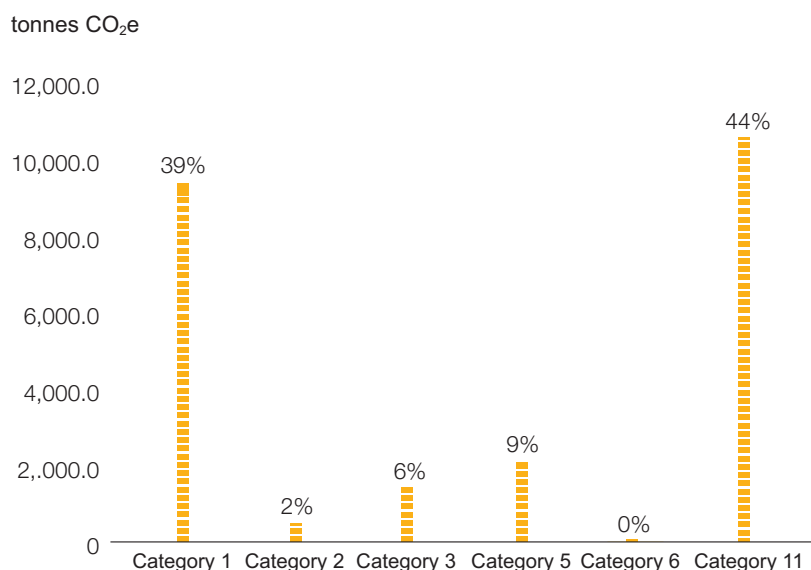
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

In determining the scope of its greenhouse gas emissions disclosures, the Group comprehensively considers both the “financial significance” and the “extent of substantial ESG impact”, and adopts an accounting boundary consistent with the scope of its ESG report, covering Wasion Holdings Limited and its subsidiaries in China.

The Group measures greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004). In addition, the Group strengthened the analysis and accounting of value chain activities in 2025, and incorporated several representative and relevant emission categories into its accounting with reference to industry research and the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).

In particular, Category 1: purchased goods and services and Category 11: use of sold products were identified as the primary sources of emissions in the Group’s value chain activities. The Group will continue to monitor the impact of emissions from these categories on the overall emissions structure, and gradually improve the accuracy of the relevant accounting depending on data availability and methodological maturity.

Distribution of Scope 3 greenhouse gas emissions in 2025



Summary of Scope 3 categories

Scope 3 categories	Scope	Source of emission factor
Category 1: purchased goods and services (electronic components)	Emissions generated during the extraction, production and transportation of electronic components procured by the Group through its supply chain during the period under review	Supply Chain Greenhouse Gas Emission Factor Database compiled by the United States Environmental Protection Agency based on the Environmentally-Extended Input-Output Models
Category 2: capital goods	Emissions generated throughout the entire life cycle of the fixed assets acquired by the Group during the period under review	
Category 3: fuel- and energy-related activities	Upstream emissions generated during the extraction, production and transportation of purchased fuels and energy	Greenhouse Gas Report: 2025 Conversion Factors published by the Department for Energy Security and Net Zero of the United Kingdom
Category 5: waste generated in operations	Emissions associated with the disposal of waste generated from the Group's daily operations during the period under review	Appendix 2: Reporting Guidance on Environmental KPIs of How to Prepare an ESG Report? issued by the Hong Kong Stock Exchange, and Emission Factors for Greenhouse Gas Inventories published by the United States Environmental Protection Agency
Category 6: employee business travel	Emissions generated by the Group's employees from business air travel during the period under review	The International Civil Aviation Organization Carbon Emissions Calculator
Category 11: use of sold products	Emissions related to electricity consumption of the Group's core products sold during the period under review	National average carbon dioxide emission factors published by the Ministry of Ecology and Environment of the PRC

As of the end of the reporting period, the Group has not yet widely adopted the cross-industry metrics set out in Part D of the Environmental, Social and Governance Reporting Code in its management of climate-related risks and opportunities. The Group has considered the potential impact of climate-related risks and opportunities on its business activities (including an analysis of potential financial effects), but such analyses currently remain primarily qualitative due to limitations in data availability.

With improved data availability, data quality and climate management capabilities in the future, the Group will consider further adopting relevant cross-industry metrics to strengthen the assessment and management of climate-related risks and opportunities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

In addition, the Group has not yet established an internal carbon pricing mechanism, nor has it incorporated climate-related factors into its compensation policies. These arrangements will be subject to regular review in light of regulatory requirements, business development and the maturity of internal management.

Climate-related targets

To more effectively track the implementation of climate management measures, the Group has established a series of environmental management targets and regularly reviews their progress and effectiveness. With greenhouse gas emissions as a core indicator for measuring climate change mitigation efforts, the Group has set the following emission reduction targets with reference to the national “double carbon” goal and based on the Group’s past emission reduction performance, business operation characteristics and future development planning.

Greenhouse gas emission reduction targets	
Target set	With the 2024 greenhouse gas emission target as a baseline, the Group’s Scope 1 and Scope 2 greenhouse gas emission intensity will reach 3.3 tonnes CO ₂ e per RMB1 million annual revenue by 2025.
Target type	Intensity emission reduction target
Scope	Covers Scope 1 and Scope 2 emissions of the Group’s core business operations, consistent with the disclosure scope of the report

The Group’s emission reduction targets cover the greenhouse gas emission intensity of Scope 1 and Scope 2, which were formulated with reference to the national strategic goals of “carbon peak” and “carbon neutrality”, taking into account the Group’s past emission reduction performance, operational characteristics and business development planning.

During the year under review, the Group did not purchase carbon credits to offset greenhouse gas emissions in order to achieve any net greenhouse gas emission targets. The Group will regularly review progress on climate-related metrics and targets, which will be reviewed by management responsible for ESG and climate-related matters to ensure that the implementation of relevant targets is appropriately monitored.

3.3 Continuously enhancing value creation

The Group always regards product liability, customer interests and co-creation of value as the cornerstones of sustainable development, integrating innovation-driven initiatives, quality control, service upgrades and privacy protection throughout the entire business process.

By establishing an integrated management system covering innovative R&D, quality assurance, service delivery and interests protection, the Company effectively fulfills its corporate product liability and customer responsibility, safeguards customer trust and empowers sustainable business development through reliable products, high-quality services and rigorous compliance management.

- ✓ With technological innovation and intellectual property management at its core, continuously strengthen core competitiveness of the products;
- ✓ With full process quality control as its key focus, strictly uphold the bottom line of product safety and quality;
- ✓ With refined customer service as its link, precisely respond to customer needs and enhance service satisfaction;
- ✓ With compliance management as its principle, comprehensively consolidate the defenses for customer privacy and information security.

3.3.1 Integration of industry and research: unleashing the momentum for high-quality innovative development

▼ Innovative development

Against the backdrop of the current era where the global energy transformation and the digital revolution are deeply integrated, innovation is no longer merely a technical means for enterprises to pursue growth, it has become the core lifeline for corporate survival and development, as well as an indispensable mission of our times. For Wasion, innovation serves as the crucial bridge connecting grand strategies with outstanding execution, as well as the fundamental driving force propelling the Group from a “national-level enterprise” to a “leading enterprise in China”.

In 2025, the Group actively promoted innovation incentives and the transformation of achievements. Throughout the year, the Company accepted a total of 100 applications for innovation funds, and received 79 awards, representing an awarding rate of 79%, with cumulative incentive funds of approximately RMB1.19 million, reflecting continuous enhancement in innovation vitality.

Case study

序号	项目名称	建设单位	所在地
1	基于人工智能和大数据的产品与管理融合创新	威胜集团有限公司	长沙市
2	湖南中烟工业公司常德卷烟厂智能化升级项目	湖南中烟工业公司	常德市
3	湖南中烟工业公司常德卷烟厂智能化升级项目	湖南中烟工业公司	常德市
4	湖南中烟工业公司常德卷烟厂智能化升级项目	湖南中烟工业公司	常德市
5	湖南中烟工业公司常德卷烟厂智能化升级项目	湖南中烟工业公司	常德市
6	湖南中烟工业公司常德卷烟厂智能化升级项目	湖南中烟工业公司	常德市
7	湖南中烟工业公司常德卷烟厂智能化升级项目	湖南中烟工业公司	常德市

In April 2025, following a process that included a broad call for submissions, recommendations from municipal and prefectural governments, expert reviews and on-site presentations, the Industry and Information Technology Department of Hunan Province announced the “List of 100 Landmark Projects for Hunan’s ‘Digital New Infrastructure’ (2025)”, and the **“Integrated Innovation in Product and Management Based on AI and Big Data” project of Wasion Group Limited was selected on the list.**

With “green design” as the core of our sustainable development, we have established a green design system that covers the entire product life cycle. We prioritize the use of energy-efficient, non-toxic materials and components, optimize product design concepts in terms of saving energy and resources, and pursue the R&D of green products to minimize environmental impact at the source. Meanwhile, we extend our green philosophy to the supply chain, optimize logistics routes and evaluate suppliers’ environmental performance through green supply chain management, so as to systematically reduce the carbon footprint across the entire product life cycle and drive the industrial chain toward a sustainable future through collaboration.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Case study



On 6 December 2025, the Hunan Instrumentation Technology and Industry Development Conference themed “Celebrating Four Decades of Excellence with Instrumentation Paving the Way for the Future” was held in Changsha. Attendees collectively reviewed the industry’s development journey, built industrial consensus, and explored cutting-edge technologies and industrial development pathways for the instrumentation sector in the new era. At the conference, the Hunan Provincial Instrument and Control Society recognized outstanding academic papers and scientific achievements of the year. **The “Research and Application of Voltage Transformer Error Assessment Methods” project of Wasion Group Limited was awarded the First Prize of the Science and Technology Award of the Hunan Provincial Instrument and Control Society in 2025.**



Case study



Leveraging its deep technical expertise in advanced manufacturing and robust industrialization capabilities, Willfar Information was **successfully awarded as a “Pilot Unit for the Industrialization of High-Tech Achievements under the National Key R&D Program in 2025”**, officially included in the list of national-level benchmarks for high-tech achievement transformation.



Case study



In July 2025, the Integrated Measurement and Control Terminal (RTU) and Plant/Station Electric Energy Data Collection Terminal (WFET-2000), **two technological achievements independently developed by Willfar Information, passed the scientific and technological achievement evaluation organized by the Hunan Provincial Instruments and Meters Association.**

Following the breakthrough in chip technology in 2024, this marks another milestone innovation for Willfar Information in the field of power automation, indicating that China’s power equipment has had strength to participate in global technological competition in terms of distribution network measurement and control as well as electric energy data collection.



▼ *Integration of industry-university-research*

In the era of innovation-driven development, Wasion deeply recognizes that the expertise of universities and research institutions serves as the core engine for sustained corporate innovation, and that deep integration of industry-university-research has become the key pathway for transforming scientific and technological achievements into productive forces.

Adhering to a collaborative mechanism of “industry-university-research synergy + talent cultivation” for many years, and through various ways such as establishing joint laboratories, tackling technical challenges collaboratively and jointly training professional talent, we have not only efficiently transformed cutting-edge academic achievements into market-competitive products and technologies, but also fed back practical demands from industrial practice to the front lines of scientific research, driving the deep integration of research directions with industry trends. This virtuous cycle where “demand drives R&D, and R&D propels industry” has effectively facilitated the organic connection of industrial, innovation and talent chains, injecting sustained momentum into the Company’s high-quality development and contributing its practical strength to the technological progress in the industry.

Case study



In November 2025, the “Fourth Training of Voyage Plan” Advanced Business English Writing Workshop, jointly organized by Wasion International and the School of Foreign Languages at Hunan University of Technology and Business, successfully concluded with a graduation ceremony.



In October 2025, Willfar Information and the School of International Studies at the University of International Business and Economics formally signed a strategic cooperation agreement in Wasion Technology Park, opening a new chapter in university-enterprise collaboration to serve the “double carbon” goal and high-level opening-up.



In February 2025, a delegation led by officials from the Institute for Quality and Reliability, Tsinghua University and the Administration for Market Regulation of Hunan Province visited Wasion for research and exchange, intuitively experiencing the high-quality standard requirements of Wasion from the product itself to its entire production process.

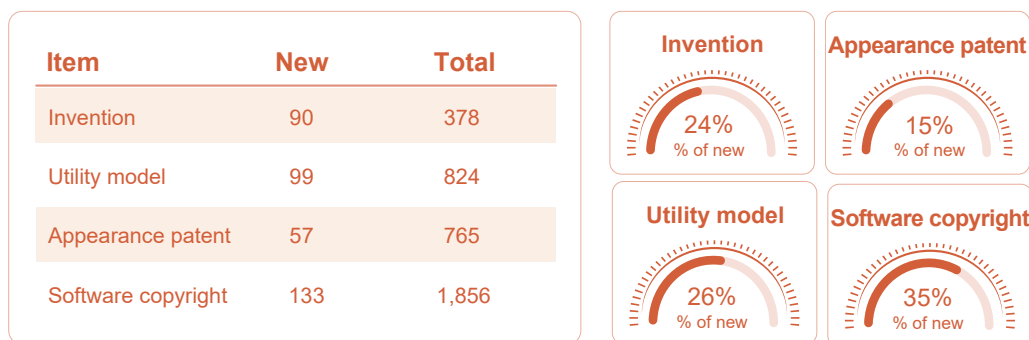


ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

▼ Protection of intellectual property

Against the backdrop of technological progress and increasingly fierce global technological competition, intellectual property has become a strategic asset and core driver of sustainable corporate development. Wasion attaches great importance to the full life cycle management of intellectual property, covering multiple aspects such as technological achievements, patents, trademarks, copyrights and trade secrets, and uses digital management tools to enhance the utilization efficiency and protection intensity of intellectual property. While supporting independent innovation and driving industrial upgrading, we actively participate in the formulation of industry standards and the co-creation of a technological ecosystem, strengthen intellectual property compliance and collaboration with our supply chain and partners, and pursue responsible innovation philosophy.

As of the end of 2025, Wasion owned a total of 3,823 valid intellectual property rights, including numerous high-value patents and achievements in international layout. Looking ahead, we will further expand our intellectual property layout in emerging fields such as green technology, AI and digital economy, promote the deep integration of intellectual property with sustainable development goals, and strive to achieve technology-driven low-carbon transformation and enhance social well-being based on innovation and guided by responsibility.



(Analysis of Wasion's Intellectual Property Management Data in 2025)

We strictly comply with the intellectual property laws and regulations of the countries and regions in which we operate, including but not limited to the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China and other relevant laws and regulatory policies, and fully implement standards such as GB/T 29490 Code for Enterprise Intellectual Property Management. The Group has established and continues to improve its intellectual property management system, and have issued and updated regulatory documents such as the Intellectual Property Management Measures, Intellectual Property Archive Management Measures and Trademark Management Measures to ensure the systematic, standardized and forward-looking nature of our intellectual property management mechanism.

Case study



序号	专利号	专利名称	专利权人
66	ZL201410049330.X	用于配电自动化终端的测控系统及其测控模组	威胜信息技术股份有限公司

In January 2025, the China National Intellectual Property Administration announced the results of the 25th China Patent Awards. **Willfar Information's "Measurement and Control System for Power Distribution Automation Terminal and its Measurement and Control Module"** was awarded the **25th China Patent Excellence Award**. The China Patent Awards, co-hosted by the China National Intellectual Property Administration and the World Intellectual Property Organization (WIPO), represent the highest-level government recognition granted to patented inventions and innovations in China.



▼ Participation in standard formulation

The Group regards participation in the formulation of industry standards as a core initiative for fulfilling its social responsibilities and guiding the standardized development of the industry. It focuses deeply on key areas such as power measurement, energy efficiency monitoring and power distribution management, proactively aligns with national and industrial standardization systems and joins standard draft and revision working groups. Through platforms such as industry summits, standardization forums and specialized seminars, the Group proactively shares technical insights, practical experience and cutting-edge analyses gained during the standard formulation process, interprets the core provisions and key implementation points of standards, and helps upstream and downstream enterprises in the industry chain (especially medium, small and micro-enterprises) understand the essence of standards and reduce the costs associated with their implementation.

Case study



We actively participate in the formulation of domestic and international industry standards, contribute our accumulated technical and practical experience, actively share professional insights and cutting-edge analyses, and drive the standardized development, quality improvement and upgrade of the industry through standardization efforts. **As of 2025, the Group has cumulatively participated in the formulation and revision of 196 standards, including 2 international standards, 50 national standards, 9 local standards, 21 industrial standards and 35 group standards.**



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

3.3.2 Full chain quality control: full process product quality compliance management

Against the backdrop of the global green transformation, deepening climate governance and the reshaping of supply chains, quality has transcended the traditional scope of compliance to become a strategic core for enterprises in managing risks, creating long-term value and achieving sustainable development.

We strictly implement a quality management system covering the entire process of R&D, procurement, production and service, and fully adhere to the ISO 9001 international standard and industry safety regulations. Meanwhile, we continue to monitor and strictly comply with laws, regulations and customer requirements related to product quality, safety, energy efficiency and environmental protection in the countries and regions where we operate, including the Product Quality Law of the People's Republic of China, the Production Safety Law of the People's Republic of China, EU Directive MID 2014/32/EU, IEC series standards and other major market access regulations. By establishing regular mechanism for dynamic compliance monitoring and update, we ensure that external requirements are promptly translated into internal control and inspection criteria.

Case study



On 19 November 2025, the theme event “Zero-Distance Service for High Quality — Changsha Market Supervision Full Chain Support for the High-Quality Development of Business Entities” was successfully held at the Changsha Municipal People's Government Service Center. **The approved Hunan Metering and Testing Center for Electric Energy Metering Equipment of Wasion Group Limited was recognized as an “Outstanding Project of Changsha Quality Enhancement Initiative”.**

➤ Product quality inspection process

The Group has established a quality inspection mechanism covering the entire production process. First-article inspection is conducted at the start of production; mass production may only commence after the first article is confirmed as qualified. Routine inspections and cross-checks are performed during production to ensure continuous monitoring and mutual supervision between processes. Semi-finished products may only be transferred after passing special inspection. Finished goods are subject to warehouse-in inspection prior to warehousing and final-out inspection before delivery, ensuring that delivered products meet quality standards. All inspections are carried out in accordance with the Control Procedure for Non-Conforming Products and the Measures for the Administration of Product Abnormality Incident Handling, under which non-conforming products shall be effectively isolated and disposed of.

➤ **Product recall procedure**

In the event that delivered products are found to have quality defects that meet the criteria for a product recall, the Group will initiate the product recall process. The scope of the recall is determined through the collection of defect information, followed by the formulation of a recall plan and issuance of recall notices. Following implementation of the recall, root cause analysis is conducted, corrective and preventive measures are implemented, and the effectiveness of handling is evaluated to ensure closed-loop management of issues. The entire process is documented and archived to ensure traceability and continuously improve product quality and safety.

During the reporting period, the Group had no major product recall due to safety and health issues, and no case has been identified constituting a breach of the laws and regulations in relation to product quality and service.

Wasion has always adhered to the philosophy of “quality first”, and strictly upholds the quality concept of “quality is the life of Wasion and the dignity of every Wasion person”, thereby strengthening quality awareness and fostering quality culture.

We maintain a dedicated “Quality” section in our internal publication Wasion Newspapers to systematically represent the Company’s practices and developments in product quality and service. All departments at Wasion actively organize thematic study sessions to lead employees to thoroughly learn cutting-edge quality theories, internal quality management practical experience and documentation of “Quality Month” activities, ensure that all employees stay abreast of quality developments, absorb excellent practical methods, and foster a deep-rooted commitment to quality within Wasion, thereby laying a solid cultural foundation for comprehensively enhancing the quality of products and services.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Case study

"Quality Lecture Hall" sessions



Signing the "Quality Commitment"



Quality Knowledge Competition



MSA Measurement Skills Competition

To further instill Wasion's quality philosophy, ensure that everyone cares about quality, participates in quality and improves quality, enhance its quality control standards, promote the implementation of quality control practices across its global operations, and accelerate the construction of Wasion's global quality network, we have launched a series of quality initiatives and issued the Quality Promotion Handbook to comprehensively help the Company "outperform the global market through quality".



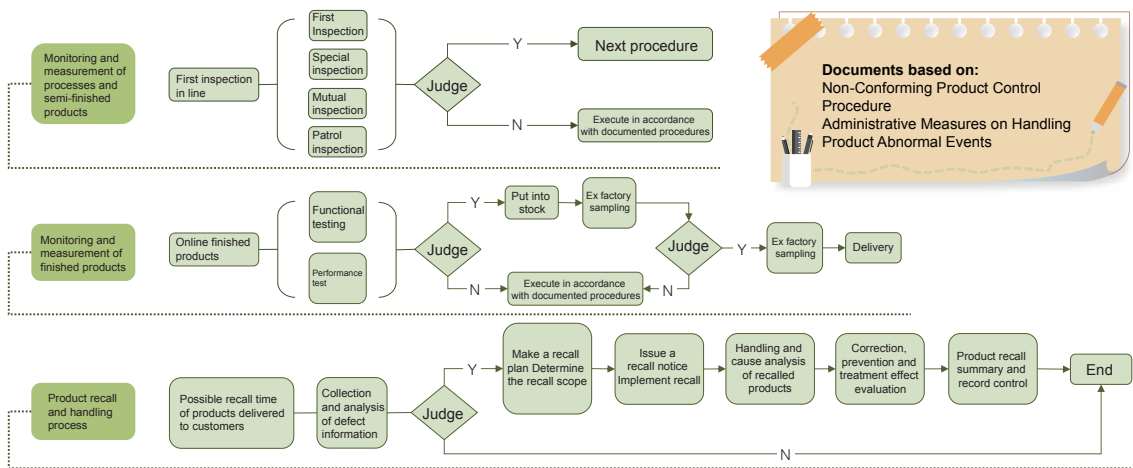
Case study



The "Electric Energy Data Collection Terminal" independently developed by Willfar Information was **successfully selected** on the list of the "Sixth Batch of Hunan Province Manufacturing Single Champion Enterprises Announced by the Industry and Information Technology Department of Hunan Province in 2025".



The Group adheres to a quality management model based on the two “fulls” and four “transformations”. Specifically, it implements “full life-cycle” quality control and 5M1E “full-process quality traceability”; and has achieved standardization of processes, testing and management, automation of manufacturing and testing, digitization of simulation, manufacturing and quality as well as intelligent early warning, optimization and decision-making. Leveraging its quality big data analytics platform, quality management system and information management platform, the Group has achieved full-process digital coverage of products from R&D, supply chain, planning, production and logistics through to after-sales service, ensuring continuous and rigorous control over product quality.



Case study



The Group's products have achieved a major breakthrough in overseas certification efforts, successfully passing multiple mainstream international product standard certifications and obtaining the corresponding certificates of conformity. These include EU CE certification, testing by KEMA (a leading European laboratory), KERI type certification in South Korea, and type certification by Tecnalia, a Spanish institution. This marks that the products' compliance and quality have met international market access requirements, laying a solid foundation for expanding into global markets and enhancing the brand's international recognition.

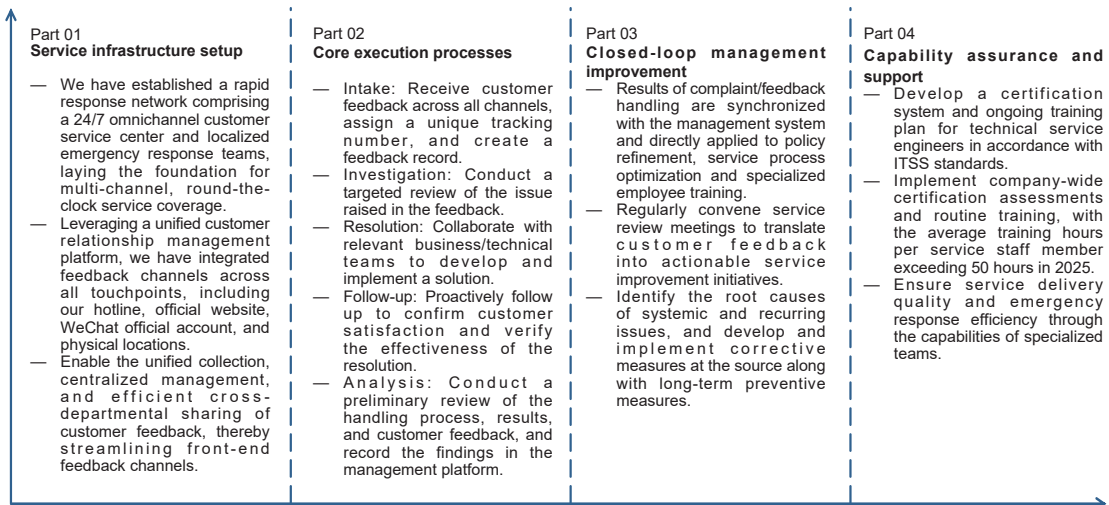


ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

3.3.3 Standard-Driven: upgrading comprehensive customer service capabilities

With the energy IoT at its core, Wasion focuses on four key areas, namely “precise sensing, comprehensive networking, intelligent platforms, and scenario-based applications”, to build a digital service ecosystem that spans urban governance, public services and industrial upgrading. Our footprint has covered all provinces and regions across China, and our products are exported to over 70 countries and regions worldwide. We have established business ties with more than 100 countries and regions, and our product quality and services have earned widespread recognition from our customers.

In terms of service quality and customer relationship management, we have established a customer-centric service quality management and continuous improvement mechanism in strict compliance with international management system standards such as ISO 9001 and ISO/IEC 20000-1 and based on the requirements under the standards of GB/T 27922 Evaluation System for After-Sale Service of Goods and GB/T 28827.1 Information technology service — Operation and maintenance — Part 1: General requirements.



Case study



By systematically integrating the four core elements of people, processes, technology and resources, we achieve closed-loop management across the entire service lifecycle from service requests and incident handling to continuous improvement, being committed to providing high-quality, efficient services and continuously enhancing customer satisfaction.



Case study



We will conduct comprehensive technical service training to cultivate multi-skilled service engineers, enabling a “one-person-multiple-roles model with dynamic resource allocation”, which will optimize our cost structure, enhance service efficiency and operational resilience, and build a robust talent pool to support high-quality development.



We will deepen the development of the industrial workforce. Starting with the launch of skills enhancement training programs, we will expand horizontally to enterprises across the industrial chain and vertically into areas such as process R&D, while conducting specialized training for occupations facing labor shortages.



Case study



On the morning of 10 September 2025, the 2025 China International Fair for Trade in Services (CIFTIS) celebrated its grand opening at the Shougang Park in Beijing. Wasion made a spectacular debut in the Hunan exhibition area with its “NMS Intelligent Network Management System” and **was selected as an “AI+” trade in services demonstration case** in the 2025 CIFTIS achievement evaluation.



Case study



On 29 September 2025, the plaque awarding ceremony and exchange symposium for the “Science and Technology Service Station of the China Instrument and Control Society” of Wasion Group was held at the Wasion’s Science & Technology Park. As a leading enterprise in China’s energy metering and management sector, Wasion has always regarded service as a core competitiveness on par with its products. The awarding of the “**Science and Technology Service Station of the China Instrument and Control Society**” signifies that the Group has received recognition from industry authorities at national level for its efforts in building a professional service system, implementing full-lifecycle quality control, and co-creating value with customers.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Case study



Customer-driven services

The Group's technical support team fulfills dual roles: integrating post-sales resources and managing regional responsibilities. Our team members have consistently prioritized customer needs and continuously promoted product optimization and upgrades. In customer service, every team member acts as a "screw in the machine" by strictly adhering to service protocols, and embodies the philosophy of "closely monitoring key customer needs and collaborating quickly and efficiently with customers" in every task, demonstrating professionalism and accountability through concrete actions.



3.3.4 Customer feedback: enhancing customer experience and fulfilling product responsibility

The Group places great emphasis on customer experience and product responsibility, consistently treating customer satisfaction surveys as a critical component of fulfilling product responsibilities, and is committed to achieving customer-driven continuous improvement through systematic methods.

During the reporting period, a total of 68 complaints were received, including 62 related to products, 1 related to services and 5 in other categories. The Group has established a closed-loop management mechanism for product and service-related complaints. Specifically, it conducted root cause analysis and categorized rectification, concurrently strengthened service-end controls and centralized handling of other complaints, and continuously optimized complaint handling processes to effectively improve problem-solving efficiency and customer satisfaction.

Customer satisfaction evaluation

Scientific evaluation system

By employing a combination of quantitative and qualitative methods, we conduct an in-depth analysis of the demand and satisfaction levels of different customer groups, providing reliable data support and basis for decision-making to optimize products and services.

Cross-departmental collaboration

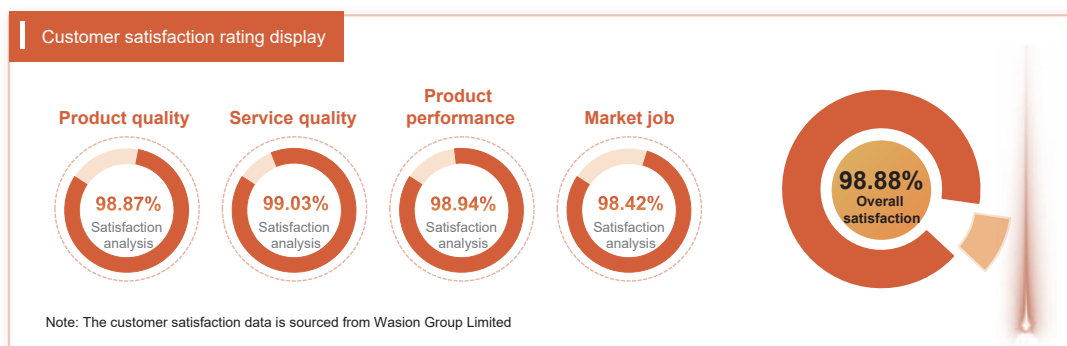
The evaluation works this year continues the cross-departmental collaboration model, with a dedicated task force comprising multiple departments working together to continuously improve satisfaction levels based on industry and customer characteristics, and jointly advancing the design of the evaluation and the application of its results.

Cross-departmental collaboration

Feedback was collected through a combination of online surveys, on-site visits, and interviews. A stratified sampling method covering customers in different regions, buying different products and with different cooperation duration was employed to ensure the sample representativeness.

Closed-loop improvement management

Feedback was collected through a combination of online surveys, on-site visits, and interviews. A stratified sampling method covering customers in different regions, buying different products and with different cooperation duration was employed to ensure the sample representativeness.



3.3.5 Privacy protection: strengthening the protective barrier for customer information security

The Group regards safeguarding customer information security and privacy as a critical component of fulfilling our core corporate responsibilities and earning lasting trust. We strictly abides by the information security and data security laws and regulations applicable to the countries (regions) in which the Group operates, including but not limited to the Personal Information Protection Law of the People's Republic of China, the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China and the European Union's General Data Protection Regulation (GDPR) (where applicable) as well as other laws and regulations. We adhere to the principles of "lawfulness, legitimacy, necessity and good faith" in the processing of personal information and, on this basis, systematically advance consumer rights protection efforts.

To ensure the effective implementation of these commitments, we have established an information security assurance mechanism overseen by management and supported by cross-departmental collaboration. We have also built a continuously improving institutional framework centered on the Trade Secret Management Procedures and the Information Security Management Measures, enabling relevant requirements to be systematically implemented throughout the entire process of product design, development and operation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Key areas of control	Detailed implementation measures
<p>A Full-cycle security management and operations</p> <p>Establish a closed-loop operational system spanning “pre-event prevention, real-time monitoring and post-event response” and extend management boundaries to cover third-party partners</p>	<ul style="list-style-type: none"> • Security protection and access control: Deploy a technical protection system that includes firewalls, end-to-end encryption, and multi-factor authentication; strictly enforce a role-based and least-privilege access control model for critical information systems. • Risk assessment and continuous monitoring: Establish a routine risk assessment mechanism, utilize real-time monitoring systems to ensure uninterrupted surveillance, and conduct regular server vulnerability scanning (monthly) and personal computer virus scanning and removal (daily) to proactively identify and remediate potential threats. • Supply chain data security management: Incorporate data security requirements into the management framework for third-party partners. All suppliers involved in the processing of customer information must be contractually bound and undergo regular compliance review.
<p>B Routine monitoring and closed-loop improvements</p> <p>Emphasize the achievement of continuous, closed-loop improvement in security capabilities through routine monitoring and incident-driven responses</p>	<ul style="list-style-type: none"> • Audit oversight and compliance inspections: Conduct regular specialized information security audits and compliance inspections to systematically evaluate the effectiveness of policy implementation. Audit results are reported directly to management and serve as a key basis for decision-making regarding process optimization and resource allocation. • Emergency response and post-incident review: Establish and regularly conduct drills for information security emergency response mechanism, clearly defining incident classification and grading, reporting pathways, investigation and analysis procedures as well as closed-loop remediation processes, in order to ensure potential incidents are addressed promptly and effectively, driving iterative improvements to the protection system. • Dynamic learning and capability iteration: Develop specialized training courses based on the latest industry threat cases to continuously enhance the Group’s proactive defense and dynamic adaptation capabilities against emerging risks. In 2025, we achieved 100% completion of basic security training for group-wide employees, with six specialized training sessions covering topics such as data breach response, phishing attack prevention and implementation requirements of information security management system. • Performance evaluation and continuous optimization: Establish an evaluation system based on key performance indicators (KPIs), regularly analyze core metrics such as vulnerability remediation timeliness, incident response efficiency and audit rectification completion rates and drive the implementation of annual improvement plans, in order to achieve verifiable continuous improvement in management activities.

3.4 Continuously optimizing green supply chain management

Wasion has always prioritized green and smart initiatives as the core of its operations. Leveraging leading digital technologies and core energy management capabilities, Wasion actively extends its environmental responsibilities to cover the upstream and downstream of value chain. In this process, the Group is dedicated to building a green supply chain ecosystem that is transparent and traceable, highly efficient and collaborative, low-carbon and emission-reducing as well as resilient and robust. Focusing on the dual-drive approach of “Digitalization + Energy IoT”, we deeply empower supply chain partners and end customers to ultimately achieve sustainable development and value co-creation across the entire industrial chain.

Wasion strictly abides by relevant national laws and regulations such as the Tender and Bidding Law of the People’s Republic of China, the Regulations on the Implementation of the Tender and Bidding Law of the People’s Republic of China and the Law of the People’s Republic of China on Import and Export Commodity Inspection, while systematically establishing internal regulations such as the Supplier Management Measures and the Measures for the Management of Supplier Misconduct that fully integrate green requirements into the entire supplier management process. In critical stages such as supplier onboarding, evaluation and bidding, we mandate the assessment of factors including HSF, ROHS, environmental protection and energy conservation; strategic suppliers are required to adopt green products and technologies and implement environmental, health and safety measures. By strengthening green screening and management of suppliers, we prioritize collaboration with premium green suppliers, so as to continuously build a green supply chain with rigorous standards.

The Group is committed to managing environmental and social risks within the supply chain and promoting sustainable development. We have fully integrated ESG factors into our supplier lifecycle management system:

Onboarding and auditing

Establish a comprehensive supplier onboarding mechanism. Before being onboarded, new suppliers are required to sign a series of documents, including the Social Responsibility Commitment, pledging to comply with our Company’s Supplier Code of Conduct. The qualification assessment includes on-site ESG audits, with a focus on environmental, health and safety, labor practices and other issues. Suppliers with serious non-compliance in ESG performance will not be accepted. In procurement decision-makings, we implement a green procurement priority policy, giving preference to superior products and services under equal conditions.

Classification and performance management

We classify suppliers based on procurement spending and ESG risks, and implement differentiated oversight measures. ESG performance is incorporated into the supplier performance evaluation system, with regular assessments of their performance in areas such as environmental stewardship, compliance, employee rights, and business ethics. Evaluation results are directly linked to order allocation and contract renewals. For high-risk suppliers, we increase the frequency of audits and conduct special assessment.

Evaluation and delisting

We have established a dynamic ESG performance evaluation and delisting mechanism. Suppliers with poor performance will be required to develop a corrective action plan, which will be monitored and verified. In the event of major environmental or safety incidents, serious labor rights violations, or breaches of business ethics, cooperation will be immediately suspended upon verification, and the supplier will be blacklisted with permanent termination of the cooperative relationship.

Empowerment and collaborative improvement

We view suppliers as partners in sustainability, communicating our ESG policies and standards through training, communication sessions and case studies, while providing capacity-building support. We collaborate with key suppliers on joint innovation projects focused on low-carbon initiatives and the circular economy to enhance resource efficiency and long-term resilience across the supply chain.

Wasion has established strong cooperative relationships with its upstream and downstream suppliers by actively organizing and participating in supplier exchange activities, as well as holding supplier training sessions, business conferences and high-level meetings on an irregular basis. In addition, the Group actively participates in industry trade shows and forums to stay abreast of the latest industry trends, promote technological innovation in industry, and contribute to sustainable development of the industry, thereby strengthening cooperation and communication with suppliers through multiple channels.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)



As of 31 December 2025, the Group maintained cooperative relationships with an aggregate of 1,546 suppliers, including 1,536 located in China and the remaining 10 located across other regions. The Group's general supply chain management policies and green procurement policies apply to all its suppliers.

3.5 Ensuring fair employment and labor rights

3.5.1 Adhering to international standards to establish a solid foundation for fair employment and the protection of rights and interests

Wasion strictly complies with national and international standards such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Provisions on the Prohibition of Child Labor, and the SA8000 social responsibility management system. We have established a comprehensive employment management system covering compensation and benefits, working hours, leave arrangements, termination procedures, recruitment screening, anti-discrimination, diversity and freedom of association. The Group has formulated core policies such as the Procedures for the Control of Forced Labor, Procedures for the Prevention of Discrimination and Harassment, Procedures for Freedom of Association and Collective Bargaining, Working Hours Control Procedures, Wage and Benefits Control Procedures and Attendance Management Measures, to ensure that employees are not discriminated against due to their race, skin color, religion, gender, age, nationality, disability, marital status or other factors in any stage such as recruitment, promotion, training or payment of compensation. The Group also adheres to the principle of equal pay for equal work, in order to eliminate child labor and forced labor at the source.

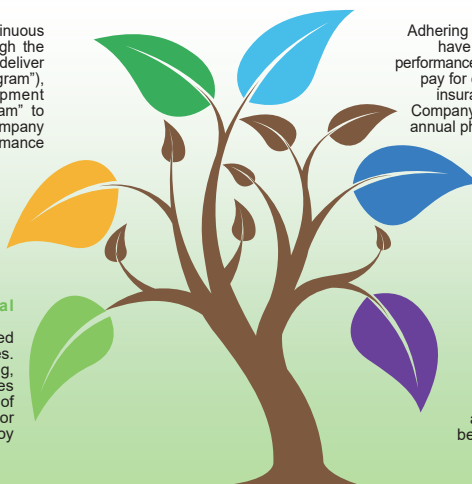
During the reporting period, no cases of violations of laws and regulations relating to the use of child labor or forced labor were identified.

Training and development

We place a high priority on our employees' continuous learning and professional development. Through the "Wasion Academy" platform, we systematically deliver onboarding training (such as the "Launch Program"), professional skills and leadership development courses, and implement a "mentorship program" to facilitate the passing on of experience. The Company continuously monitors and discloses key performance indicators related to employee training.

Recruitment, promotion and equal opportunity

The Company has established standardized recruitment and internal promotion processes. At every stage including recruitment, hiring, compensation and promotion, our policies and practices explicitly prohibit any form of discrimination based on gender, age, race or other factors, ensuring that all employees enjoy equal opportunities for career development.



Compensation, benefits and work hours & leave security

Adhering to the principle of balancing fairness and care, the Company have established a compensation system based on job value and performance contributions, in order to strictly enforce the principle of "equal pay for equal work." In addition to fully contributing to the "five social insurances and one housing fund" in accordance with the law, the Company provides benefits such as supplemental medical insurance, annual physical examinations, holiday gifts and meal subsidies. It has also established an "Employee Care Fund" to provide assistance to employees in need. Regarding working hours and leave, the Company strictly enforces the national working time system and implements a standard work hours system (8 hours per day, 40 hours per week). Overtime pay is provided or compensatory time off is arranged for employees working overtime in accordance with the law. In addition to statutory holidays, employees are also entitled to a variety of leave options, including paid annual leave, sick leave, marriage leave, maternity leave, paternity leave, parental leave, and bereavement leave, effectively ensuring a healthy work-life balance.

Democratic communication and rights protection

The Company establishes and maintains a two-way communication mechanism with employees through diverse channels, such as the employee representative assembly, the trade union and regular forums, in order to be receptive to feedback, address concerns and effectively safeguard employees' legitimate rights and interests.

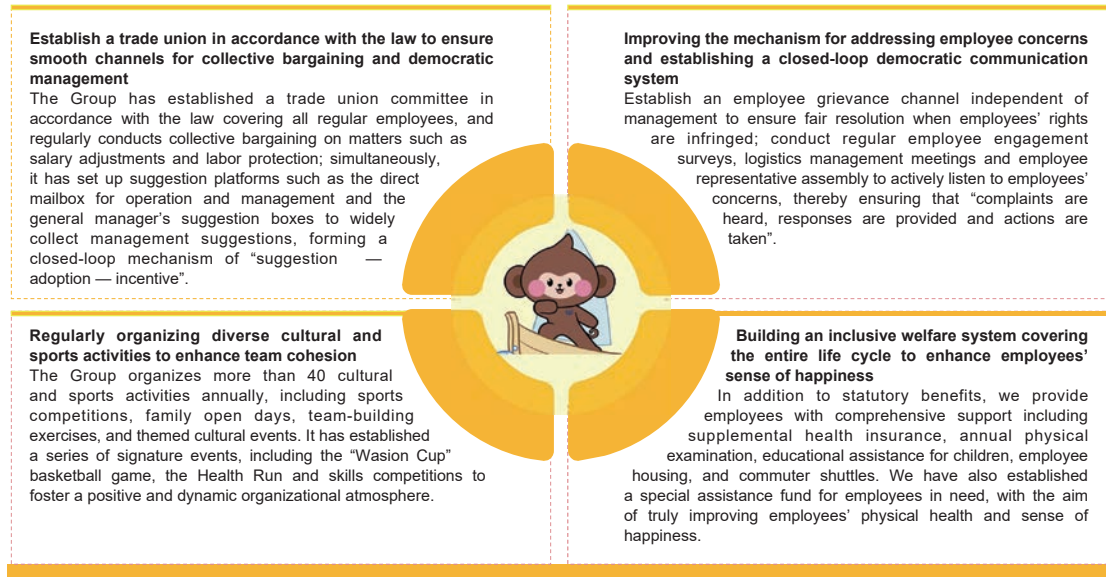
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

The Group has established a rigorous pre-employment review and background check system. It verifies supporting documents such as identity, academic qualifications and work experience through multiple channels to ensure full compliance throughout recruitment and employment management. To strengthen implementation and supervision, the Group continuously provides targeted training to clarify the authority of management and the rights of employees. It gives full play to the bridging role of the trade union and worker representatives, maintains accessible channels for complaints and the expression of grievances, and establishes a full-process supervision mechanism covering all employees. In the event of any irregularities such as the inadvertent use of child labor or forced labor, the Group will immediately initiate the following disposal procedures:

- Rapid response and rights protection: Immediately rectify the irregular employment status. In cases of inadvertent child labor, the legal guardian will be contacted promptly to ensure proper care of the minor. In cases of forced labor, any improper restraints will be lifted immediately to safeguard employees' free will.
- Fact verification and follow-up arrangements: Establish a special task force to fully verify the facts. Properly resettle affected employees in accordance with laws and provide necessary psychological support or legal assistance to safeguard their legitimate rights and interests.
- Corrective actions and prevention: Conduct an in-depth analysis of the causes of irregularities and review recruitment vetting, employment management, supervision mechanisms and other procedures. Revise and improve relevant management systems, optimize pre-employment verification processes, and strengthen supervision and inspection mechanisms during employment.
- Staff education and awareness enhancement: Conduct company-wide special training focusing on the identification of child labor, prevention of forced labor and protection of employees' rights, so as to enhance compliance awareness among all levels of personnel.
- Continuous follow-up and stakeholder communication: Records of the disposal process will be included in the compliance management ledger, and the effectiveness of rectification will be tracked and evaluated. Where necessary, the Group will proactively inform relevant parties of the situation to demonstrate a responsible employment attitude.

Through the above procedures, the Group ensures that any employment irregularities are resolved in a timely and effective manner, and continuously improves the compliance level of employment management.

From smooth channels for expressing concerns to an entire-lifecycle covered benefits system, the core practices of the Group's employee ecosystem are illustrated in the figure below:



The Group actively promotes a culture of diversity and inclusion, striving to build a workforce with diverse backgrounds and complementary strengths. We are continuously increasing the proportion of female managers and providing equal employment opportunities and an accessible work environment for people with disabilities. Through a sound employment management system, strict enforcement and oversight, and a diverse and inclusive culture, Wasion continues to consolidate the foundation of fair employment and the protection of labor rights, driving the creation of a harmonious, just and sustainable workplace environment.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

3.4.2 Adhering to people-oriented approach to build a comprehensive welfare system and talent development ecosystem

Adhering to a people-oriented approach, Wasion has built a comprehensive employee welfare system that covers health protection, lifestyle support and career development. Wasion regularly organizes over 40 diverse corporate cultural activities every year, continuously innovating its care initiatives to truly enhance employees' physical health and sense of happiness.



In terms of talent development, Wasion has been approved for a total of 13 national, provincial and municipal-level demonstration projects for introducing foreign expertise. Wasion has also obtained multiple designations, including National Demonstration Base for Talent and Expertise Introduction, HaiZhi Plan Work Base in Hunan Province and China's Foreign Aid Training Base. Building on this foundation, the Group has established a vital platform for corporate and industry talent cultivation through industrial development, fostering a large number of industry craftsmen, scientific and technological talents and foreign experts. Thanks to continuous investment in talent development and employer branding, Wasion has been honored with the title of "Best Employer" for 16 consecutive years and has been recognized as a "National Advanced Private Enterprise in Employment and Social Security".



Honours

"2025 Top 100 Private Enterprises by Revenue, Top 100 by Tax Contribution, Top 100 by R&D Investment and **Top 100 by Social Responsibility** in Xiangjiang New Area, Hunan" (Wasion Group)

"2025 Top 100 Private Enterprises by Revenue, Top 100 by Tax Contribution, Top 100 by R&D Investment and **Top 100 by Social Responsibility** in Xiangjiang New Area, Hunan" (Willfar Information)

"**Top-tier Enterprise for Intellectual Gathering and Talent Recruitment** in Xiangjiang New Area, Hunan" (Wasion Group)

"**Contract-abiding and Credit-worthy Enterprise in Hunan Province**" (Wasion Group)

"**Contract-abiding and Credit-worthy Enterprise in Changsha City**" (Wasion Group)

"**Integrity Rating Certificate for Compliance with Laws related to Labor Protection (Grade A)**" (Wasion Group)

"**2025 Extraordinary Employer**" (Willfar Information)

"**Top 10 in Hunan among Best Employers of the Year in China**" (Wasion Group)

"**2025 Outstanding Employer**" (Wasion Group)



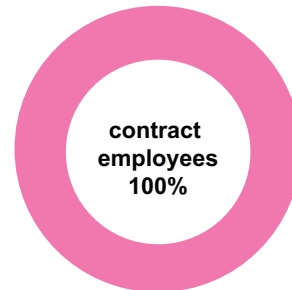
Selected Honors & Awards



As at 31 December 2025, Wasion Holdings Limited had a total of 3,327 full-time employees with the composition and turnover rate¹ by gender, type of employment, age group and region as follows:

Category		Total employees	Employee turnover rate
Gender	Male	2,302	11.21%
	Female	1,025	8.78%
Age	Under 30	970	16.70%
	30–49	2,265	7.81%
	50 and above	92	9.78%
Region	China	3,249	10.68%
	Overseas	78	1.28%

Type of employees



¹ All data are calculated based on the formula shown in “Aspect B1 Employment” in the “How to Prepare Environmental, Social and Governance Report Appendix 3: Reporting Guidance on Social Key Performance Indicators” released by Hong Kong Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

3.5.4 Review and continuous improvement of policy implementation

The Group continuously reviews and optimizes the implementation of policies related to employment and labor standards. By regularly collecting and analyzing employee data, including workforce composition, turnover rate, complaint handling and other data, the Group identifies potential risks and promptly adjusts management measures. The Group conducts annual compliance audits of its employment policies to ensure that all policies are effectively implemented and remain in compliance with regulatory requirements.

In the future, the Group will continue to improve its mechanisms for fair employment and the protection of labor rights and benefits, and work to foster a more harmonious, inclusive and diverse working environment.



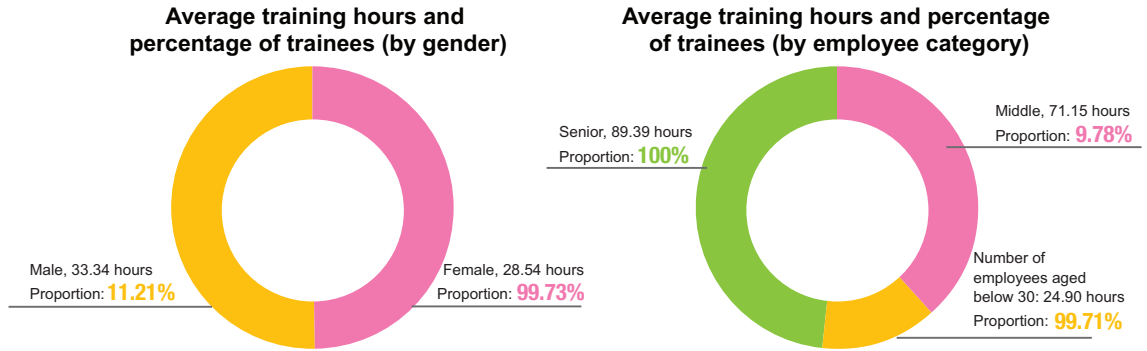
Award-winning work themed on Wasion Kids' "Drawing" Challenge on the Children's Day in 2025 — A Bird's-Eye View of Wasion

3.6 Continuously promoting talent development and training

3.6.1 Establishment of a systematic talent development mechanism

Wasion has established a systematic employee skills development mechanism by building a three-in-one model of "job requirements + skills training + skills evaluation" to form a closed-loop of "training — evaluation — incentives". In 2025, significant progress was made in digital empowerment: the "Wasion Academy" cloud platform was officially launched, serving as the core digital learning hub for empowering the growth of all employees. Total learning hours throughout the year exceeded 42,945, achieving synergistic integration between in-depth offline training and online expansion. During the reporting period, in addition to regular trainings, the Group also conducted over 400 specialized training sessions, covering more than 17,000 participants. Leveraging the skill masters and model worker innovation studios, the Group organized employee to participate in provincial and municipal vocational skills competitions, with 30 individuals receiving municipal-level or higher honors, thereby fostering a positive atmosphere that values skills and encourages innovation.

The employee training status² in 2025 is as follows:



Selected Training Highlights in 2025



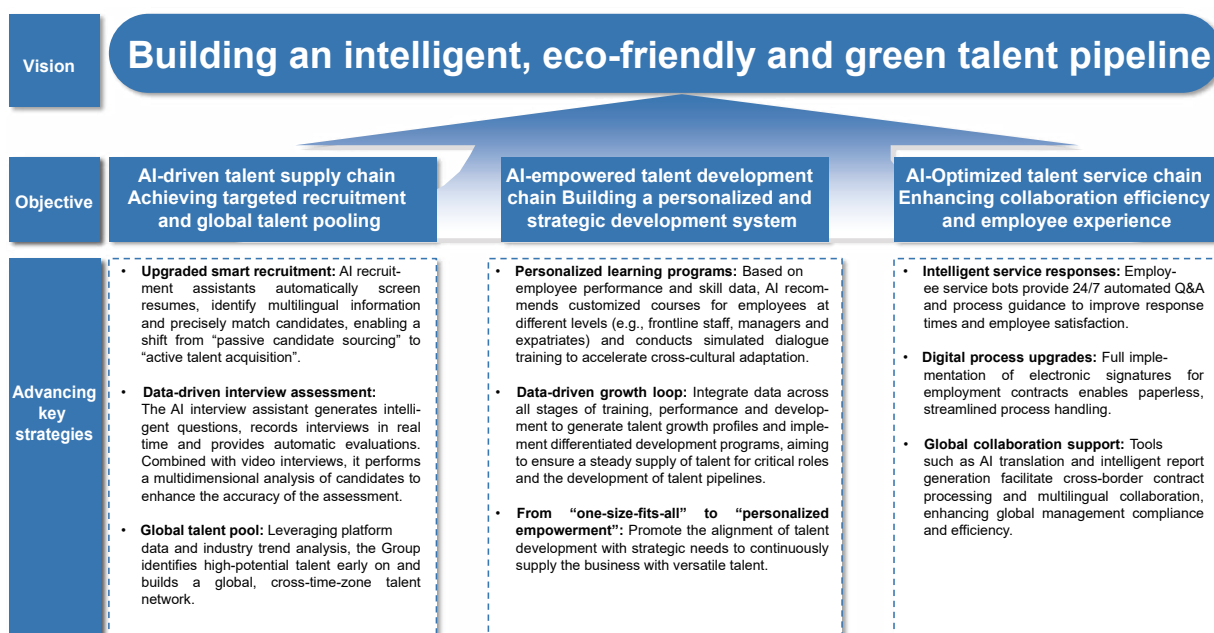
²

All data are calculated based on the formula shown in "Aspect B3 Development and Training" in the "How to Prepare Environmental, Social and Governance Report Appendix 3: Reporting Guidance on Social Key Performance Indicators" released by Hong Kong Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

3.6.2 Transformation of intelligent talent management

Leveraging AI technology as a driving force, the Group reconstructs the full-chain talent management system covering “recruitment, development, utilization and retention” in order to advance talent management toward a strategic empowerment phase characterized by data-driven and intelligent collaboration. By establishing talent supply chains, development chains and service chains, the Group achieves deep integration between talent development and organizational strategy as well as global deployment, thereby realizing close synergy between human resources and business development. These intelligent transformation initiatives do not only provide robust talent support for the implementation of the Group’s “6th Five-Year Plan”, but also lay a long-lasting foundation for building a core talent advantage in global competition and achieving high-quality development.



3.6.3 Development and achievements of the modernized skills ecosystem

Being committed to the goal of “building a workforce of knowledgeable, skilled and innovative industrial workers”, Wasion has established a “company-industry” collaborative training system based on the needs of the industrial chain. By steadily advancing reforms in the development of the industrial workforce, Wasion has established a distinctive “Wasion Model” for skilled talent development. Thanks to its outstanding achievements, Wasion has been successively recognized as “Industrial Worker Construction Pilot Unit in Hunan Province”, “Cultivation and Competition Base of ‘Huxiang Craftsmen’ in Hunan Province”, “High-skilled Leading Talents in Hunan Province”, “Hunan Excellent Organizing Unit for ‘Mutual Assistance’ among High-skilled Leading Talents”, “Cultivation and Competition Base of Changsha Craftsmen”, “Skills Service Base for Improving Employees’ Quality of Life in Changsha City”, “Excellent Training Center for Enterprise Employees in Changsha City”, “Skilled Talent Training Base in Changsha City” and so on.



3.7 Continuously safeguarding occupational health

3.7.1 Strictly adhering to safety standards, strengthening production safeguards

Wasion places production safety at the forefront of its operations and strictly fulfills its statutory primary responsibilities. The Group fully implements the Production Safety Law of the People’s Republic of China, the Fire Protection Law of the People’s Republic of China and other laws and regulations. In accordance with the international standard GB/T 45001-2020/ISO 45001:2018, it has established a systematic occupational health and safety management system, thus driving the continuous advancement of safety management toward standardization and systematization.

In terms of management mechanism, the Group has established a work safety committee led by senior management, which integrates safety objectives into its overall strategy and daily operations, and builds a long-lasting occupational health and safety implementation and assurance system through specialized plans and routine supervision. In day-to-day operations, the Group continuously conducts safety awareness campaigns and skills training to constantly enhance employees’ safety literacy and emergency response capabilities, thereby solidifying the safety foundation of the industrial park and ensuring stable and orderly production activities. At the same time, Wasion actively fosters a safety culture of full employee participation. By clarifying responsibilities, strengthening supervision and optimizing protective measures, Wasion ensures that safety responsibilities are firmly assigned to each position and safety awareness is deeply rooted in mind. Wasion resolutely prevents all types of safety incidents and is fully committed to safeguarding employees’ occupational safety and health.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

	Key initiatives	Implementation and verification methods
Systems and responsibilities	<ol style="list-style-type: none"> 1. Establish an occupational health and safety management system and revise and improve safety management system 2. Enforce safety responsibilities at all levels and implement monthly safety performance evaluations 3. Implement the “three simultaneous” requirements to ensure compliance of safety facilities such as factories and production lines 	<ol style="list-style-type: none"> 1. Conduct regular internal and external audits to evaluate safety objectives; 2. Convene safety meetings at all levels to coordinate and advance efforts; 3. Submit relevant materials to strive for designation as a model unit
Risk Control	<ol style="list-style-type: none"> 1. Revise the dual-prevention mechanism, conduct regular risk identification, and update risk notification cards; 2. Strictly enforce approval procedures for hazardous operations and standardize safety management for relevant parties 3. Implement 7S management on-site and control risks in key areas 	<ol style="list-style-type: none"> 1. Conduct regular dynamic risk assessments and carry out various safety inspections; 2. Identify and rectify potential hazards, and strictly address violations 3. Sign safety agreements, conduct safety briefings and carry out specialized inspections
Training and emergency response	<ol style="list-style-type: none"> 1. Conducting three-tier safety education, specialized training and external training 2. Organize safety officer certification and strengthen training for key groups 3. Revise emergency response plans and conduct specialized emergency drills 	<ol style="list-style-type: none"> 1. Conduct post-training assessments and verify compliance with operating procedures 2. Evaluate drill effectiveness and optimize the plan 3. Enhance risk prevention and control capabilities through themed activities
Health protection	<ol style="list-style-type: none"> 1. Arrange occupational health examinations and establish health records 2. Control hazard factors and monitor the work environment 3. Provide personal protective equipment and ensure proper use 	<ol style="list-style-type: none"> 1. Conduct regular occupational hygiene testing 2. Conduct on-site inspections of personal protective equipment usage 3. Improve facilities and advance the “occupational safety assessment” acceptance
Accidents and participation	<ol style="list-style-type: none"> 1. Establish an accident reporting and investigation system, and analyze root causes 2. Implement the “Snap and Report Hazards” initiative and enforce the reward program 3. Recognize exemplary performers and strengthen full staff participation 	<ol style="list-style-type: none"> 1. Monitor the implementation of accident prevention measures 2. Analyze hazard reports and rectification data 3. Reward hazard reports and foster a culture of participation
Stakeholder management	<ol style="list-style-type: none"> 1. Audit contractor safety, conduct briefings and assessments 2. Sign safety agreements, standardize subcontracting and temporary labor 3. Manage visitor safety and implement construction measures 	<ol style="list-style-type: none"> 1. Conduct special inspections of stakeholders, verify agreements and training 2. Daily supervision of contractor operational standards 3. Evaluate external contractors and issue reports

In the past three years (including 2025), there were no cases of work-related death and no lost working days due to work-related injuries each year. During the reporting period, no case has been identified by the Group constituting a breach of the laws and regulations in relation to health and safety in the workplace.



Case Study



The Group organizes a series of drills, such as:

- Forklift injury emergency drill
- Hazardous chemical spill emergency drill
- Fire evacuation drill
- Shuttle bus fire emergency drill
- Safety specialized inspection and evaluation
- Electric shock and mechanical injury disposal competition
- Online safety knowledge contest, etc.

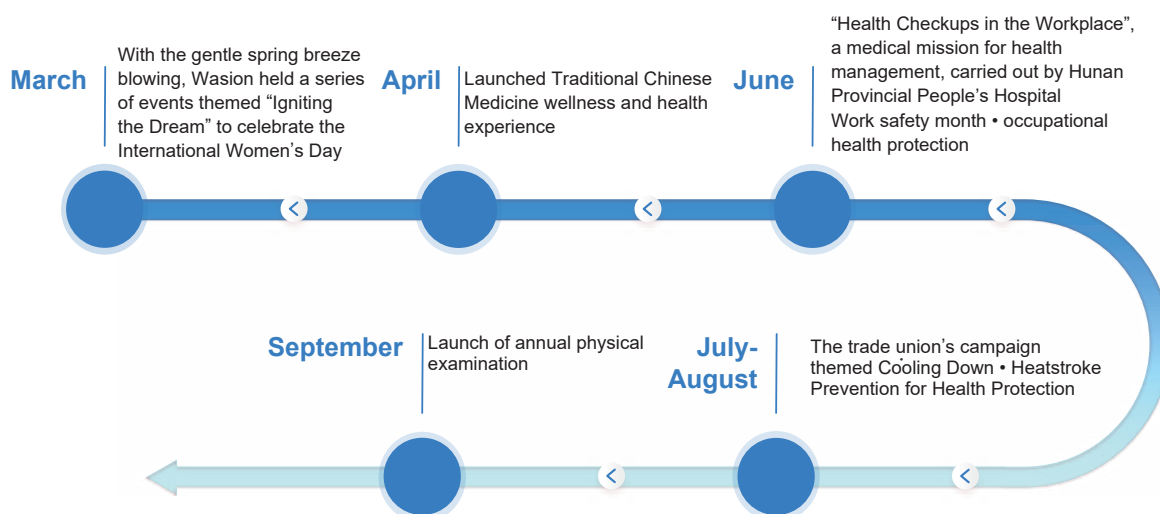


ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

3.7.2 Focusing on physical and mental well-being, optimizing the working environment

Wasion continuously keeps an eye on employee occupational health and the building of a safe work environment. In accordance with national regulations and tailored to the Group's specific circumstances, Wasion has established various occupational health management systems, including the Environmental and Occupational Health Operation Management Control Procedures, the Occupational Health Protection Management Measures, the Occupational Hazard Prevention File Management Measures, the Occupational Health Surveillance and Occupational Disease Patient Protection Management Measures, providing a systemic support to safeguard employee health.

On the basis of strengthening system construction and systemic support, the Group has further prioritized employees' physical and mental well-being and their need for humanistic care. Focusing on the three dimensions of "frontline protection, growth support and extension of service to the grassroots level", the Group has systematically advanced its employee well-being initiatives. For frontline employees, the Group continues to organize the "Cool Summer, Caring Together" summer relief campaign, providing timely heatstroke prevention supplies and on-site care. At the same time, in response to industry characteristics and employees' actual needs, the Group regularly organizes diverse activities such as "On-site Health Checkups for Employees in Industrial Parks", "Social Gatherings for Young Technical Talents" and "College Admission Guidance Sessions for Employees' Children", actively fostering a warm, supportive and shared-development organizational atmosphere. Furthermore, the Group focuses on expanding the content and scope of services offered through the "Employee Home", driving service resources down to the workshop and team levels to ensure that care measures reach every employee, thereby effectively enhancing their sense of belonging and overall well-being.





- Series of events held on International Women's Day
- Summer Cooling special event
- Health knowledge quiz
- Traditional Chinese Medicine consultation event
- Medical mission by Hunan Provincial People's Hospital

3.8 Continuously strengthening the foundation of integrity

The Group regards anti-corruption as the cornerstone of corporate governance and strictly adheres to domestic and international laws and regulations, including the Criminal Law of the People's Republic of China, the Company Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Provisional Regulations on the Prohibition of Commercial Bribery and the United Nations Convention against Corruption, and resolutely prohibits and prevents any form of bribery, extortion, fraud, money laundering and unfair competition. Accordingly, the Group has formulated the legally binding "Wasion Prohibition on Commercial Conduct", and through systematic institutional design and implementation, continues to build a global business compliance system. As a member of the Enterprise Anti-Fraud Alliance of China, Wasion has, since joining the alliance, consistently adhered to the alliance's charter, actively fulfilled its responsibilities as a member, proactively participated in joint building of industry-wide integrity, and promoted the development of a business environment characterized by integrity, transparency and fairness through concrete actions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)



The Group continues to optimize its governance structure and management mechanisms: it has established independently operating internal audit and legal and supervision departments to conduct routine and periodic independent reviews and oversight of financial and business activities; simultaneously, it has established and improved a supplier management system covering the entire lifecycle, strictly implementing supplier qualification assessments and ongoing credit monitoring to ensure the compliance and integrity of supply chain partners. Furthermore, through various means such as routine publicity campaigns, specialized training and case-based warning education, the Group continuously fosters a culture of anti-corruption, reinforcing the awareness of integrity among all employees, thereby laying a solid compliance foundation for the Group's sustainable and high-quality development.

An aggregate of 11 training sessions on laws and regulations, compliance requirements, anti-corruption and other topics were organized in 2025, with total training hours exceeding 5 hours, achieving full coverage of the Group's employees.

During the reporting period, no case was identified by Wasion constituting a breach of the laws and regulations in relation to bribery and corruption, nor any lawsuit was pending or concluded against Wasion or any employee.



3.9 Continuing to deepen community investment

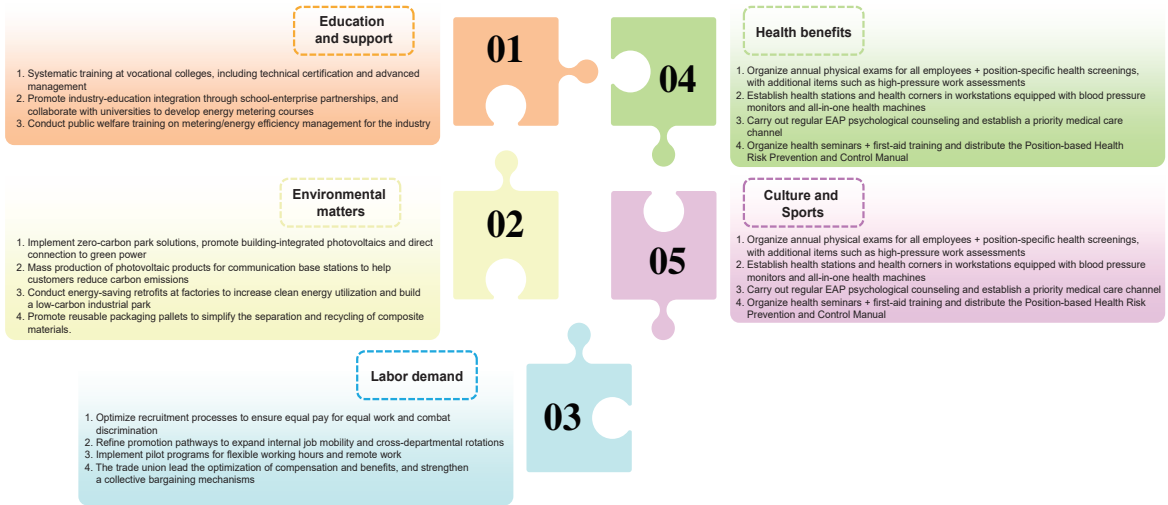
3.9.1 Rooting in the community to provide targeted assistance to promote development

In 2025, Wasion, guided by the strategic principle of “corporate empowerment for community symbiosis”, established a multidimensional community investment system covering educational support, green co-construction, social welfare, and cultural integration to promote the coordinated development of the Group and the community. In terms of educational empowerment, the Group provided the community and the industrial chain with high-quality skilled talent through systematic training at vocational education colleges, the development of school-enterprise collaboration courses and the provision of pro bono industry trainings. Regarding green co-construction, the Group implemented zero-carbon industrial park solutions, promoted green products such as photovoltaic products and improved waste recycling mechanisms to support the community’s low-carbon transition. In terms of livelihood protection and cultural integration, the Group strengthened the defense of employee rights and health by reinforcing fair employment, optimizing work system arrangements, implementing comprehensive health management for all staff, and providing EAP psychological support. Additionally, through activities such as employee sports meets and corporate culture weeks, the Group fostered interaction between employees and community residents, thereby enhancing community cohesion and a sense of belonging.



Guided by the philosophy of “Wasion Well-being”, the Group deepens employee care internally and actively gives back to society externally, so as to achieve a harmonious integration of corporate development and social value. Wasion adheres to the purpose of “caring for, respecting and empowering employees” to continuously improve its internal welfare system while actively fulfilling its corporate social responsibilities. In terms of public welfare initiatives, the Group proactively engages in diverse activities such as disaster relief, environmental protection and charitable donations, with cumulative donations of goods and funds over RMB20 million, and has been successively honored with awards such as the National “May 1st Labor Certificate”, the Pilot Unit of Happy Enterprise in Hunan Province, the shortlisted company among the “Changsha Charity List” and the Dedication Medal of the Red Cross Society of China. Core initiatives in the area of community investment are as follows:

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)



In terms of emergency response and special care initiatives, in 2025, Wasion took swift action in response to disasters such as floods and fires. In addition to participating in local flood control and disaster relief efforts in Hunan, the Company also donated HK\$1 million to the Hong Kong Red Cross to support post-fire reconstruction efforts. The Group also stresses ongoing care for both internal and external communities: internally, it established the “Assistance Fund” to assist employees in need; externally, it organized public welfare initiatives such as blood donations, the “Hope House” youth care project and educational support activities as well as visits to welfare homes and nursing homes, and targeted donations to children with disabilities and vulnerable women and children, effectively spreading warmth and fulfilling corporate social responsibility.

Provided support for the Hong Kong fire, made rapid flood relief efforts in Rongjiang, Guizhou, made charitable donation to Chaisan school, and established employee assistance fund.....



3.9.2 Empowering education through school-enterprise collaboration for the future

Through diversified school-enterprise collaboration, the Group has established a virtuous cycle where “institutions empower industry, and industry nurtures education”. With the “Weisai Cup” Innovation and Entrepreneurship Competition as the core platform, the Group has forged deep partnerships with universities such as Central South University and Wuhan University, as well as vocational colleges like Changsha Social Work College to conduct competitions and practical projects by focusing on cutting-edge fields such as new power systems and AI. With the Group’s engineers providing guidance throughout the process, the competitions have accumulatively yielded over 200 municipal-level or higher awards to date, and has also facilitated the commercialization of selected high-quality projects while cultivating a pool of over 300 innovative talents for the Group, with nearly 3,000 skilled professionals of various types delivered over the past three years.

The Group continues to deepen the integration of industry, academia and research by collaborating with multiple universities and research institutions, including Wuhan University and the China Electric Power Research Institute, to build a market-oriented collaborative innovation system. Through various initiatives such as joint technical exchanges, systematic training and practical experiences at overseas R&D centers, the Group broadens talent’s international perspective and practical capabilities, thereby laying a solid talent foundation for enhancing the overall quality of the industry chain and driving the Group’s high-quality development, while providing core talent support for overseas business expansion.



- ▶ Wasion launched the “Wasion Cup” Innovation and Entrepreneurship Competition in collaboration with multiple Universities
- ▶ Signing and plaque presentation ceremony for the Information Strategy Agreement between Wasion and the University of International Business and Economics

- ▶ Hunan University of Technology and Business • Wasion advanced seminar on international business English writing
- ▶ Leaders from Institute for Quality and Reliability, Tsinghua University and the Administration for Market Regulation of Hunan Province visited Wasion for a research visit



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

IV. EVALUATION ON FULFILMENT OF COMMITMENT AND DEVELOPMENT DIRECTION

Under the 10 principles of “Global Compact”, Wasion made the following conclusion on the evaluation of the responsibility performance in 2025 and the undertaking and development for 2026:

10 principles of “Global Compact”		Undertaking	Evaluation of responsibility performance in 2025	Development direction in 2026
Human Rights	<ul style="list-style-type: none"> (1) Respect and uphold all internationally recognized human rights (2) Never participate in any acts that disregard or violate human rights 	<ul style="list-style-type: none"> • Respect and uphold internationally recognized human rights, and integrate human rights principles into all aspects of corporate governance, operational management and supply chain management • Never participate in or tolerate any conducts that disregard or violate human rights; strictly adhere to compliance standards and social responsibility, and safeguard the legitimate rights and interests as well as the dignity of our employees and stakeholders 	<p>Full compliance</p> <ul style="list-style-type: none"> 1. Consistently adhered to legal and regulatory standards in our employment practices and promoted equality, non-discrimination and fair employment 2. Strictly prohibited violations such as child labor and forced labor. 3. Maintained 100% coverage for employment contracts and social security. 4. No incidents of human rights violations occurred, and the human rights management was compliant and effective 	<ul style="list-style-type: none"> 1. Continue to improve mechanisms for identifying and addressing human rights risks, and strengthen the dissemination and training of human rights policies 2. Deepen human rights due diligence in the supply chain and encourage partners to jointly abide by human rights standards 3. Improve oversight and feedback channels, and continuously enhance human rights management standards
Labor standards	<ul style="list-style-type: none"> (3) Uphold freedom of association and recognize the right to collective bargaining between labor and management (4) Completely eliminate all forms of forced labor (5) Eliminate child labor (6) Eliminate all forms of discrimination in employment and occupation 	<ul style="list-style-type: none"> • Uphold employees' freedom of association and the right to collective bargaining • Resolutely eliminate all forms of forced labor and child labor • Completely eradicate employment and occupational discrimination, and foster an employment environment characterized by equality, respect and compliance 	<p>Full compliance</p> <ul style="list-style-type: none"> 1. Supported the independent operation of labor union in accordance with the law; promoted democratic management through channels such as employee representative assemblies and forums, and safeguarded employees' rights to communication and collective bargaining 2. Strictly enforced oversight throughout the entire recruitment and employment process, with no incidents of forced labor, child labor or discrimination occurred 3. Upheld fair employment and equal pay for equal work, with the rates for labor contract signing, coverage of the “six insurances and one fund” and employment compliance all reaching 100% 	<ul style="list-style-type: none"> 1. Continuously improve employee communication and collective bargaining mechanisms, deepen employee welfare initiatives and democratic management, and strengthen labor compliance training and internal audits 2. Deepen the promotion and enforcement of policies against discrimination, forced labor, and child labor 3. Optimize the compensation, benefits and employee engagement management systems, and continuously enhance labor governance standards and employee's sense of gain 4. Fully integrate labor standards into operational management to continuously improve labor governance and social responsibility performance

10 principles of "Global Compact"		Undertaking	Evaluation of responsibility performance in 2025	Development direction in 2026
Environment	(7) Prepare for environmental challenges in advance (8) Take the initiative to increase our commitment to environmental protection (9) Encourage the development and promotion of environmentally friendly technologies	<ul style="list-style-type: none"> Strictly adhere to the environmental principles of the United Nations Global Compact, commit to taking precautionary measures against environmental challenges, and proactively fulfill environmental responsibilities Actively research, develop and promote environmentally friendly technologies, adhere to green and low-carbon development, and continuously advance energy conservation, consumption reduction, and pollution prevention and control 	Full compliance 1. Key environmental performance targets were met on schedule, and no environmental violations occurred 2. Energy-saving upgrades were implemented through the digitization of production processes, the proportion of green electricity usage increased, and environmental protection efforts yielded significant results	1. Continue to deepen energy-saving upgrades and the adoption of clean energy, and improve the environmental data monitoring and management system 2. Step up efforts in the research, development, and promotion of green technologies, and continuously improve resource utilization efficiency and low-carbon operational standards
Anti-corruption	(10) Oppose all forms of corruption, including extortion, blackmail and bribery	<ul style="list-style-type: none"> Firmly oppose any form of corruption, extortion and bribery Strictly comply with laws and regulations regarding integrity and compliance, and integrate anti-corruption requirements into our corporate culture and all aspects of business operations Uphold transparent operations and corporate governance in accordance with the law, and strengthen our defenses against integrity risks 	Full compliance 1. Fulfilled our preventive, supervisory and investigative functions through internal audits, special inspections and other means, and ensured that reporting channels remain open 2. No cases of corruption or violations were identified during the reporting period, and no corruption-related lawsuits have been concluded, with the internal control system operated effectively	1. Continue to maintain oversight and supervision intensity, and strengthen anti-corruption warning education and case method 2. Improve internal control and oversight mechanisms, and continuously enhance all employees' awareness of integrity and compliance, as well as the Group's anti-corruption governance capabilities

* Please contact us if you have any comment on this report

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Ji Wei (吉為), aged 69, is the executive Director, and is the chairman of the Company and the founder of the Group. Mr. Ji is responsible for the Group's overall strategic planning and the formulation of corporate policies. Prior to founding the Group in 2000, Mr. Ji was a business manager of Hunan Province Minerals Import and Export Company (湖南省五金礦產進出口公司) between 1980 and 1985 and the import and export manager of Hunan International Economic Development (Group) Company (湖南省國際經濟開發(集團)公司) between 1985 and 1989. Mr. Ji was appointed as an executive Director of the Company with effect from 20 July 2004. Mr. Ji was consecutively appointed as a member of the 10th, 11th, and 12th Chinese People's Political Consultative Conference of Hunan Province from 2007 to 2022. He was awarded with several honorary titles such as the "Most Socially Responsible Entrepreneur in China", "The Sixth Top Ten Educational Entrepreneur Award in China", "Most Caring Entrepreneur on Staff Development", "National Machinery Industry Excellent Entrepreneur", "Key Personnel for the Construction of Innovative Culture in Hunan Province", "Special Recognition Award for Occupational Technology Creation in Hunan Province", "Excellent Entrepreneur" at the 30th anniversary of Changsha Hi-Tech Zone and "Chinese Red Cross Dedication Medal".

Mr. Kat Chit (吉喆), aged 42, is the executive Director. Mr. Kat graduated from the University of British Columbia of Canada with a bachelor's degree in economics in 2007. From 2007 to 2011, he was an executive of the equity capital markets division of Macquarie Group Limited. Mr. Kat was appointed as a non-executive Director of the Company on 12 August 2014, and was redesignated as an executive Director of the Company and appointed as CEO of the Company with effect from 1 June 2022. On 17 January 2023, Mr. Kat was appointed as a member of the 13th Chinese People's Political Consultative Conference of Hunan Province. Mr. Kat is the son of Mr. Ji Wei, the chairman, executive Director and controlling shareholder of the Company.

Ms. Li Hong (李鴻), aged 50, with a doctorate degree in business administration, is currently an executive Director of the Company, chairman of Willfar Information Technology Co., Ltd., chairman of Hunan Weiming Energy Technology Co., Ltd. (湖南威銘能源科技有限公司), chairman of Zhuhai Zhonghui Microelectronics Co., Ltd. (珠海中慧微電子有限公司), a member of the 12th Chinese People's Political Consultative Conference of Changsha City, Leading Talents in Science and Technology Entrepreneurship in Hunan Province, and vice chairman of Changsha Federation of Industry and Commerce. She was consecutively awarded with several honorary titles such as the "Excellent Entrepreneur by China Electronics Enterprises Association", the "Excellent Entrepreneur in Software Industry in China", the "Annual Individual of Special Contribution of China Smart Measurement Industry Technology Innovation Strategic Alliance (中國智能量測產業技術創新戰略聯盟年度特殊貢獻個人)", the "Innovative Entrepreneur in Electronic Information Industry in China", the "New Economic Leaders in China", the "Excellent Entrepreneur in Hunan Province" and the "Star of Integrity (誠信之星)" in Changsha City, and won the Second Prize of the China Machinery Industry Science and Technology Award (中國機械工業科學技術獎二等獎). Ms. Li was appointed as an executive Director of the Company on 18 June 2020.

Ms. Zheng Xiao Ping (鄭小平), aged 62, is a professor-level senior engineer, a master of engineering in automation, an executive Director of the Company, dean of the research institute and chairman of Wasion Group Limited. Between 1987 and 1988, Ms. Zheng was a teaching assistant at the North China Institute of Technology. She lectured at the Taiyuan University of Technology between 1988 and 1993 and was the research director of Hunan Weisheng Electronics Co., Ltd. (湖南威勝電子有限公司) from 1993 to 2000, being responsible for the research and development work. She joined the Group in 2000 and was responsible for the research and development work of the Group. Ms. Zheng was appointed as an executive Director of the Company on 1 September 2005. Ms. Zheng was also awarded with various honorary titles such as “The Seventh Group of Outstanding Experts in Changsha”, “Top Ten Women Entrepreneurs with Outstanding Achievement in Changsha City”, “High-level Leading Talents in Changsha”, “Top-notch Talents in Science and Technology Innovation and Entrepreneurship in Hunan Province”, “Advanced Individual of Technological Innovation in Hunan Province”, “National Labor Day Medal”, “National Top Ten Technological Worker in Electronic Devices and Meters Industry” and “Outstanding Contributor to the Standardization Work of the Fifth Committee of National Standardization Technical Committee of Devices and Meters (全國儀器儀表標準化技術委員會第五屆委員會標準化工作突出貢獻者)”.

Mr. Tian Zhongping (田仲平), aged 45, is a senior engineer, an executive Director and the president of Wasion Holdings International Limited. Mr. Tian graduated from Xiangtan University (湘潭大學) with a bachelor’s degree in Engineering in 2002, and obtained a master degree in Control Engineering from Zhongnan University (中南大學) in 2008. Mr. Tian joined the Group in 2002 after graduation and had held positions as Development Engineer for firmware, Project Manager, Product Development Manager, Deputy Chief Engineer and General Manager of the Overseas Sales Department of the Group. During the period when he was a Development Engineer of the Group, Mr. Tian has obtained more than sixty patents for products and technology. Mr. Tian was appointed as an executive Director of the Company on 26 January 2017, serves as the president of Wasion International Co., Ltd. (威勝國際貿易有限公司) since the beginning of 2021, and serves as the president of Wasion Holdings International Limited since the beginning of 2024. Mr. Tian was awarded with the honorary titles of Excellent Entrepreneur of Changsha Hi-Tech Zone and Excellent Manager in China in 2017, Outstanding Entrepreneur by China Electronics Enterprises Association in 2018, the “Class C Talent” assessment of high-level talent service in Changsha City in 2019, and Leading Figures in Business Startups and Innovation in Xiangjiang New District, Changsha City in 2020. In 2021, he was awarded the Top Ten Celebrities in the Software and Information Technology Service Industry in Hunan Province. Mr. Tian also serves as a director of the Hunan Instrument and Meter Association and a member of the G3-PLC International Standard Committee.

NON-EXECUTIVE DIRECTOR

Ms. Cao Zhao Hui (曹朝輝), aged 58, is the non-executive Director, and is also the chairman of Wayon Energy Technology Co., Ltd. (惟遠能源技術股份有限公司). Ms. Cao graduated from Hunan College of Finance and Economics (湖南財經學院) with a bachelor’s degree in Economics. She also obtained a degree in executive master of business administration (EMBA) from the University of Hunan (湖南大學). Ms. Cao joined the Group in 2000 and was appointed as an executive Director of the Company on 3 March 2005. Ms. Cao was successively awarded with several honorary titles such as the “Mayor Quality Award and Quality Innovation Award (市長質量獎質量創新獎)”, the “Excellent Entrepreneur in Hunan Province”, the “Leading Talents for Science and Technology Entrepreneurship in Hunan Province”, the “Excellent Entrepreneur in China” and the “Most Socially Responsible Entrepreneur in China 2017”.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Cheong Tat (陳昌達), aged 76, obtained his master's degree in Financial Management from Central Queensland University. Mr. Chan is a fellow member of Hong Kong Institute of Certified Public Accountants, Association of Chartered Certified Accountants and CPA Australia. He is also an associate member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) of London, the United Kingdom and The Hong Kong Institute of Chartered Secretaries. Mr. Chan served in the Inland Revenue Department of the Hong Kong Government for more than 30 years and retired in early 2005. Mr. Chan is currently a director of a tax consultancy company. He also acts as an independent non-executive director of Hyfusin Group Holdings Limited (Stock Code: 8512), Medicskin Holdings Limited (Stock Code: 8307), Chong Fai Jewellery Group Holdings Company Limited (Stock Code: 8537) and Ye Xing Group Holdings Limited (Stock Code: 1941), and a non-executive director of Alpha Financial Group Limited. Mr. Chan also acted as an independent non-executive director of Man Sang International Limited (Stock Code: 938) from January 2015 to November 2016. Mr. Chan was appointed as an independent non-executive Director of the Company on 18 June 2020.

Mr. Jiang Xinjian (姜新建), aged 62, graduated from the Department of Electrical Engineering at Tsinghua University in July 1987 and remained at the university to teach. From September 2008 to August 2009, he pursued advanced studies at Aalborg University in Denmark. He currently serves as an Associate Professor in the Department of Electrical Engineering and Applied Electronics at Tsinghua University, Director of the Tsinghua University-TI(III) DSP Laboratory, and Director of the High-Speed Flywheel and Composite Energy Storage Research Laboratory at the Green Transportation Drive and High-Efficiency Energy Conversion Research Center. His academic and research focus spans power electronics, electric machines and their control, power quality management, and wind power generation. Mr. Jiang has led or participated in numerous national initiatives, including the National Eighth Five-Year Plan Key Project on electric vehicles, the National Tenth Five-Year Plan 863 Program and Eleventh Five-Year Plan Support Program on wind power, and the National Eleventh Five-Year Plan 863 Program on power quality. He has also overseen four funded projects and more than 50 collaborative projects with international and domestic companies. Many of his research outcomes have been industrialized. His accolades include the Beijing Municipal Science and Technology Progress Third Prize and five national invention patents. He has authored one book and published approximately 100 academic papers. Mr. Jiang was appointed as an independent non-executive Director of the Company on 15 May 2025.

Mr. Wang Yaonan (王耀南), aged 68, graduated from East China University of Technology with a bachelor's degree in computer science in 1981, and obtained his master's degree and doctorate degree in industrial automation from Hunan University in 1992 and 1995 respectively. Mr. Wang is currently a professor and doctoral tutor at the College of Electrical and Information Engineering of Hunan University, a director of the National Engineering Research Center for Visual Perception and Control Technology for Robots (機器人視覺感知與控制技術國家工程研究中心), a fellow of the China Automation Association (中國自動化學會), a fellow of the China Computer Federation (中國計算機學會), a supervisor of the China Artificial Intelligence Association (中國人工智能學會) and an academican of the Chinese Academy of Engineering. Mr. Wang was appointed as an independent non-executive Director of the Company on 17 July 2020.

SENIOR MANAGEMENT OF THE GROUP

Mr. Choi Wai Lung Edward (蔡偉龍), aged 57, is the chief financial officer and company secretary of the Company. Mr. Choi is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants with over 35 years of experience in accounting, auditing and finance.

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries, a joint venture and an associate are set out in Notes 1, 18 and 19 to the consolidated financial statements, respectively.

BUSINESS REVIEW

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's businesses, and the compliance with relevant laws and regulations, as well as the Group's environmental policies and performance which have a significant impact on the Group, can be found in the "Management Discussion and Analysis" section set out on pages 12 to 40 and "Environmental, Social and Governance Report" section set out on pages 41 to 117 and "Corporate Governance Report" section set out on pages 129 to 150 of this annual report. This discussion forms part of this Directors' Report.

DIVIDENDS

The results of the Group for the year ended 31 December 2025 and the Group's financial position at that day are set out in the consolidated financial statements on pages 156 to 158 of the annual report.

The directors have proposed a final dividend of HK\$0.48 (2024: HK\$0.38) per share to shareholders of the Company whose names appear in the register of members on 27 May 2026 and a resolution to this effect will be proposed and subject to the shareholders' approval in the forthcoming annual general meeting. The final dividend is expected to be paid on 11 June 2026.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in Note 35 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2025 comprised the share premium, merger reserve and retained profits of RMB751,934,000 (2024: RMB650,916,000) in aggregate.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The directors of the Company (the "Directors") during the year and up to the date of this report were:

Executive directors:

Ji Wei (*Chairman*)

Kat Chit (*Chief Executive Officer*)

Li Hong

Zheng Xiao Ping

Tian Zhongping

Non-executive director:

Cao Zhao Hui

Independent non-executive directors:

Chan Cheong Tat

Luan Wenpeng (retired on 15 May 2025)

Jiang Xinjian (appointed on 15 May 2025)

Wang Yaonan

Pursuant to Article 84 of the Articles, at each annual general meeting one third of the directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office by rotation provided that every director shall be subject to retirement at least once every three years. The directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. The retiring directors shall be eligible for re-election. Ms. Li Hong, Mr. Kat Chit, Mr. Chan Cheong Tat and Mr. Wang Yaonan will retire at the Annual General Meeting. Ms. Li Hong, Mr. Kat Chit and Mr. Chan Cheong Tat, being eligible, will offer themselves for re-election at the Annual General Meeting. Mr. Wang Yaonan has not offered himself for re-election at the Annual General Meeting as he would like to devote more time to his other endeavours. Accordingly, Mr. Wang Yaonan will retire as a Director from the conclusion of the Annual General Meeting.

DIRECTORS' SERVICE CONTRACTS

Each of the executive/non-executive directors and independent non-executive directors entered into service agreements with the Company for a term of three years and one year respectively and either the Company or the executive director or non-executive director (including independent non-executive directors) may terminate the appointment by giving the other a prior notice of three months in writing before its expiration.

Other than as disclosed above, none of the directors being proposed for re-election at the forthcoming annual general meeting has a service agreement with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

At 31 December 2025, interests and short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")) held by the directors and chief executives, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Interests and short positions in shares and underlying shares of the Company

Ordinary shares of HK\$0.01 each of the Company

Name of director/chief executive	Capacity	Nature of interest	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Ji Wei	Interest of controlled corporation (Note 1)	Long position	538,988,888	54.12%
Cao Zhao Hui	Beneficial owner	Long position	2,000,000	0.20%
Li Hong	Beneficial owner	Long position	580,000	0.06%
Zheng Xiao Ping	Beneficial owner (Note 2)	Long position	3,682,000	0.37%
Tian Zhongping	Beneficial owner	Long position	300,000	0.03%
Chan Cheong Tat	Beneficial owner	Long position	100,000	0.01%

Notes:

- (1) The shares are held by Star Treasure Investments Holdings Limited ("Star Treasure"), a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Ji Wei.
- (2) 1,990,000 shares and 1,692,000 shares are held by Ms. Zheng Xiao Ping and Mr. Wang Xue Xin respectively. Mr. Wang Xue Xin is the spouse of Ms. Zheng Xiao Ping.

DIRECTORS' REPORT (CONTINUED)

Interests and short positions in shares and underlying shares of the associated corporations

Name of director/chief executive	Name of associated corporation	Capacity	Nature of interest	Number of shares held	Percentage of the issued share capital of the associated corporations
Ji Wei	Willfar Information Technology Company Limited	Beneficial owner	Long position	26,985,233	5.49%
Kat Chit	Willfar Information Technology Company Limited	Beneficial owner	Long position	13,492,616	2.74%
Li Hong	Willfar Information Technology Company Limited	Beneficial owner	Long position	5,614,405	1.14%

Other than as disclosed above, none of the directors, chief executives nor their associates had any interest or short positions in any shares or underlying shares of the Company or any of its associated corporations, as recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as at 31 December 2025.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

At 31 December 2025, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed in the section headed "Interests and short positions of the directors and chief executives in shares and underlying shares of the Company and its associated corporations" above, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Interests and short positions in shares of the Company

Ordinary shares of HK\$0.01 each of the Company

Name of substantial shareholder	Capacity	Nature of interest	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Ji Wei	Interest in controlled corporation	Long position	538,988,888	54.12%
Star Treasure	Beneficial owner	Long position	538,988,888	54.12%

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2025.

RELATED PARTY TRANSACTIONS

Related party transactions entered into for the year are set out in Note 42 to the consolidated financial statements.

CONNECTED TRANSACTIONS

On 14 November 2025, Wayon Energy Technology Co., Ltd. (“Wayon Energy”), a non-wholly-owned subsidiary of the Company, and Renox Technology Pty Ltd. (“Renox”) entered into the Master Agreement in respect of the continuing connected transactions between the respective members of the Wayon Energy and its affiliates (“Wayon Energy Group”) and the Renox and its affiliates (“Renox Group”). Renox is a company which is indirectly owned as to 34.30% by Mr. Ji Wei and Mr. Kat Chit. Mr. Ji Wei is an executive Director and chairman and controlling shareholder of the Company, and Mr. Kat Chit is an executive Director. Mr. Kat Chit is the son of Mr. Ji Wei. Renox is hence an associate of a connected person of the Company and the transactions contemplated under the Master Agreement constitute continuing connected transactions for the Company.

Pursuant to the terms of the Master Agreement, the Wayon Energy Group will supply various types of energy storage system products to the Renox Group. Renox is an innovative manufacturer of renewable energy equipment in Australia. Wayon Energy is actively seeking to expand its presence in the Australian market. Energy storage system products require local certifications and regulatory approvals for market entry in Australia. By leveraging Renox’s established channels and compliance licenses, the energy storage system products of Wayon Energy can be effectively introduced and distributed in the Australian market. Given the upstream and downstream relationship in the energy storage industry chain, the purpose of the Master Agreement is to secure a stable sales of various types of energy storage system products to Renox, with a view to ensuring cost predictability and growth in the target markets.

The Master Agreement has a term of three years ending on 31 December 2027. The payment terms of the products sold to Renox is in line with the payment terms of the Group for sales to independent third parties. The annual caps under the Master Agreement amounted to RMB15 million for the year ended 31 December 2025, RMB150 million and RMB 300 million for the year ending 31 December 2026 and 2027 respectively.

Pursuant to Rule 14A.56 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), the Directors engaged the auditor of the Company to report on the continuing connected transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. The independent non-executive directors have reviewed the continuing connected transactions and have confirmed that the transactions have been entered into by the Company in the ordinary course of its business, on normal commercial terms, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole in accordance with Rule 14A.55 of the Listing Rules.

DIRECTORS' REPORT (CONTINUED)

Details of the continuing connected transactions for the year are set out as below:

Name of party	Nature of transactions	2025 RMB'000
Renox	Sale of energy storage system products	9,170

Save as disclosed therein, there were no other connected transactions and continuing connected transactions, other than those which are exempt from the reporting, announcement and independent shareholders' approval requirements, which need to be disclosed as connected transactions and continuing connected transactions in accordance with the requirements of Appendix D2 to the Listing Rules.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share options", at no time during the year was the Company, its holding company, or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contract of significance, to which the Company, its holding company or any of its subsidiaries was a party and in which a director or a connected entity of a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive directors are independent.

CORPORATE GOVERNANCE

The Company is committed to maintain the high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 129 to 150 of the annual report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company during the year ended 31 December 2025.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PERMITTED INDEMNITY PROVISION

The Articles of Association of the Company provides that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers and the aggregate purchases attributable to the Group's five largest suppliers accounted for less than 30% of the Group's total sales and total purchases of the Group respectively.

None of the directors, their associates or any shareholders of the Company which, to the knowledge of the directors, owned more than 5% of the Company's issued share capital, had any interest in any of the five largest customers or suppliers of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, there was a sufficient prescribed public float of the issued shares of the Company under the Listing Rules throughout the year ended 31 December 2025.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 272 of the annual report.

DIRECTORS' REPORT (CONTINUED)

AUDIT COMMITTEE

The audit committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2025.

AUDITOR

A resolution for re-appointment of EY as auditor of the Company is to be proposed at the 2026 annual general meeting.

The consolidated financial statements of the Company for the year ended 31 December 2025 have been audited by EY.

On behalf of the Board

Ji Wei

CHAIRMAN

Hong Kong

26 March 2026

CORPORATE GOVERNANCE REPORT

The Company recognises the importance of good corporate governance to the Company's healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the needs of its business.

The Company's corporate governance policies are based on the principles of good corporate governance and the code provisions as set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules ("Corporate Governance Code").

During the year ended 31 December 2025, the Company has applied the principles of and has complied with all code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 of the Listing Rules.

There has been no deviation from the code provisions of the Corporate Governance Code as set forth in the Appendix C1 of the Listing Rules for the year ended 31 December 2025.

The Company regularly reviews its corporate governance policies to ensure that they remain updated and in compliance with the requirements of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made of all the directors of the Company (the "Directors") and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2025.

The Company has also established written guidelines on terms no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

BOARD OF DIRECTORS

Responsibilities

The overall management of the Company's business is vested with the board of Directors of the Company (the "Board"), which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The Board makes decisions on all major matters of the Company, including: the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

CORPORATE GOVERNANCE REPORT (CONTINUED)

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretary of the Company (the “Company Secretary”), with a view to ensure that the Board procedures and all applicable rules and regulations are followed.

Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company’s expenses, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the chief executive officer of the Company (the “Chief Executive Officer”) and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the above-mentioned officers.

The Board has the full support of the Chief Executive Officer and the senior management to discharge its responsibilities.

Board Composition

The composition of the Board ensures a balance of skills and experience necessary for its independent judgement and fulfilling its business needs.

The Board currently comprises nine members, consisting of five executive Directors, one non-executive Director and three independent non-executive Directors. Their biographical details are set out on pages 118 to 120 of this annual report.

The Board comprises the following Directors:

Executive Directors:

Mr. Ji Wei, chairman of the Board and the nomination committee of the Company (the “Nomination Committee”), and member of the remuneration committee of the Company (the “Remuneration Committee”)

Mr. Kat Chit, Chief Executive Officer and member of the internal control and risk management committee of the Company (the “Internal Control and Risk Management Committee”)*

Ms. Li Hong, member of the Internal Control and Risk Management Committee

Ms. Zheng Xiao Ping

Mr. Tian Zhongping

Non-executive Director:

Ms. Cao Zhao Hui

* Mr. Kat Chit is the son of Mr. Ji Wei

Independent Non-executive Directors:

Mr. Chan Cheong Tat, chairman of the audit committee of the Company (the “Audit Committee”), the Remuneration Committee and the Internal Control and Risk Management Committee, and member of the Nomination Committee

Mr. Luan Wenpeng, member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Internal Control and Risk Management Committee (retired on 15 May 2025)

Mr. Jiang Xinjian, member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Internal Control and Risk Management Committee (appointed on 15 May 2025)

Mr. Wang Yaonan, member of the Audit Committee and the Internal Control and Risk Management Committee

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

During the year under review, the Board at all times met the requirements of Rule 3.10(1) and (2), and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

The independent non-executive Directors bring a wide range of technical, business and financial expertise, experiences and independent judgement to the Board. Through their active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all independent non-executive Directors make various contributions to the effective direction of the Company.

Rule 3.09D Confirmation

Mr. Jiang Xinjian, who was appointed as an independent non-executive director of the Company on 15 May 2025, had prior to his appointment obtained legal advice from the Company’s legal adviser as required under Rule 3.09D of the Listing Rules on 14 May 2025. He has confirmed his understanding of his obligations as a director of a listed issuer.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Board Diversity Policy

The Company is of a view that Board diversity is an essential element to achieve sustainable and balanced development. The Company has adopted a policy on Board diversity (the “Board Diversity Policy”) setting out the basic principles to ensure that the Board has the requisite knowledge of the Company and experience in different business and cultural conditions of different regions and markets and a variety of perspectives necessary to maintain and enhance the overall effectiveness of the Board and taking account of succession planning. Under the Board Diversity Policy, all Board appointments will be based on meritocracy and competence, while taking into account the benefit of diversity. The Company will ensure that the Board has a balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. In determining an optimum composition of the Board, the Company will take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional experience and other qualities of directors as well as potential contributions to the Board. The Company will also take into consideration its own specific needs from time to time in determining the optimum composition of the Board. The Nomination Committee will review and monitor the implementation of board diversity on a regular basis to ensure its effectiveness on determining the optimal composition of the Board.

The Board attaches great importance to female member of Directors. During the reporting period, gender ratio of male and female members is 67% (6 out of 9) and 33% (3 out of 9) respectively. The Company has also a solid slate of Directors with diverse perspectives and varied educational background and expertise made-up, from extensive knowledge of the electronic and electrical engineering, finance and corporate management, to professional qualifications in the legal and accounting fields. The diversification background of the Board is beneficial to the corporate governance, and related experiences satisfy the development needs of the Company. The age distribution of the Board is between 42 and 76. The different age group of the Board members can provide diversified sight of views and opinion. Having reviewed the board diversity policy and the Board’s composition, the Nomination Committee is of the opinion that the current Board has a strong element of independence and is well-balanced in terms of gender, age, professional experience, skills and knowledge; and that the current composition and size of the Board are appropriate and adequate.

Gender Diversity of Workforce

As at 31 December 2025, the gender ratio of the workforce of the Group (including senior management) was approximately 69% male and 31% female. The Group actively seek to recruit and hire a diverse workforce based on their skills, qualifications and experience, regardless of their gender and non-discriminatory. The Board considers that the gender ratio of the workforce is appropriate for the operations of the Group and will strive to maintain this ratio.

Appointment and Succession Planning of Directors

The Company has established formal, considered and transparent procedures for the appointment and succession planning of directors.

Each of the executive Directors and non-executive Director is engaged in a service contract for a term of three years. The appointment may be terminated by not less than three months' written notice. All the independent non-executive Directors are appointed for a specific term. The terms of their appointments are as follows:

Mr. Chan Cheong Tat : up to the 2026 annual general meeting
Mr. Jiang Xinjian : up to the 2026 annual general meeting
Mr. Wang Yaonan : up to the 2026 annual general meeting

Pursuant to the Articles, all Directors are subject to retirement by rotation once every three years and any new Director appointed to fill a causal vacancy or as an addition to the Board shall submit himself/herself for re-election by shareholders at the next following general meeting and the next following annual general meeting respectively.

No independent non-executive Director has served more than nine years on the Board.

Training for Directors

According to Code Provision C.1.4 of the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of the Directors.

The Company encourages the Directors to attend any relevant programme to further enhance their knowledge to enable them to discharge their duties and responsibilities more effectively. There are also arrangements in place for providing continue briefing and professional development to Directors whenever necessary such as continuously update the Directors on the latest developments of the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

Each newly appointed Director receives comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

CORPORATE GOVERNANCE REPORT (CONTINUED)

During the year ended 31 December 2025, the training participated by each Director is set out below:

Directors	Training received
<i>Executive Directors:</i>	
Mr. Ji Wei	A, C, D
Mr. Kat Chit	A, C, D
Ms. Li Hong	A, C, D
Ms. Zheng Xiao Ping	A, C, D
Mr. Tian Zhongping	A, C, D
<i>Non-executive Director:</i>	
Ms. Cao Zhao Hui	A, C, D
<i>Independent Non-executive Directors:</i>	
Mr. Chan Cheong Tat	A, D
Mr. Luan Wenpeng (retired on 15 May 2025)	A, B, D
Mr. Jiang Xinjian (appointed on 15 May 2025)	A, B, D
Mr. Wang Yaonan	A, B, D

A: attending conferences, seminars and forums

B: giving talks at conferences, seminars and forums

C: participation in in-house seminars

D: private study of materials relevant to the Company's business or director's duties and responsibilities

Board Meetings

Number of Meetings and Directors' Attendance

In 2025, the Company has held six board meetings. The Company will endeavour to hold at least four regular board meetings a year.

The attendance of the Directors at board meetings held during the year is set out below:

Directors	Attendance/ Number of Meetings
<i>Executive Directors:</i>	
Mr. Ji Wei (<i>Chairman</i>)	6/6
Mr. Kat Chit	6/6
Ms. Li Hong	6/6
Ms. Zheng Xiao Ping	6/6
Mr. Tian Zhongping	6/6
<i>Non-executive Director:</i>	
Ms. Cao Zhao Hui	6/6
<i>Independent Non-executive Directors:</i>	
Mr. Chan Cheong Tat	6/6
Mr. Luan Wenpeng (retired on 15 May 2025)	3/3
Mr. Jiang Xinjian (appointed on 15 May 2025)	3/3
Mr. Wang Yaonan	6/6

Practices and Conduct of Board Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance.

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Agenda and Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The Chief Executive Officer, chief financial officer of the Company (“Chief Financial Officer”) and Company Secretary attend all regular Board meetings and when necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

Minutes of all Board meetings and committee meetings are kept by the Company Secretary. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors’ inspection.

CORPORATE GOVERNANCE REPORT (CONTINUED)

According to the current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. The Articles also contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company fully supports the division of responsibility between the chairman of the Board (the “Chairman”) and the Chief Executive Officer to ensure a balance of power and authority. So, the posts of the Chairman and Chief Executive Officer are held separately by Mr. Ji Wei and Mr. Kat Chit respectively. Their respective responsibilities are clearly defined and set out in writing.

The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practices. With support of the senior management, the Chairman is also responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at the Board meetings.

The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. She is in charge of the Company’s day-to-day management and operations. The Chief Executive Officer is also responsible for developing strategic plans and formulating the organizational structure, control systems and internal procedures and processes for the Board’s approval.

BOARD COMMITTEES

The Board has established four committees, namely, the Nomination Committee, the Remuneration Committee, the Audit Committee, and the Internal Control and Risk Management Committee for overseeing particular aspects of the Company’s affairs. All Committees of the Company are established with defined written terms of reference. The terms of reference have been posted on the websites of the Stock Exchange and the Company.

The majority of the members of each Committee are independent non-executive Directors and the list of the chairman and members of each Committee is set out under “Board Composition” of this report on pages 130 to 131.

The Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company’s expenses.

NOMINATION COMMITTEE

The duties of the Nomination Committee include the following:

- (a) to review the structure, size and composition of the Board (including the skills, knowledge and experience) at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;
- (c) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman and the Chief Executive Officer;
- (d) to assess the independence of independent non-executive Directors;
- (e) to review the Board Diversity Policy and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and to make disclosure of its review results in the annual report of the Company annually; and
- (f) where the Board proposes a resolution to elect an individual as an independent non-executive Director at the general meeting, the Committee should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe the individual should be elected and the reasons why they consider the individual to be independent.

NOMINATION POLICY

The Nomination Committee is responsible for identifying and nominating qualified candidates for the Board's consideration and appointment when the Board needs additional Directors or to fill casual vacancies, and making recommendation to the shareholders of the Company (the "Shareholders") on re-electing retiring Directors at general meetings. The Nomination Committee shall consider, among others, the following criteria in evaluating and selecting candidates for directorships:

- (i) age, skills, experience, professional qualifications, educational background and personal integrity of the candidate;
- (ii) commitment of the candidate to devote sufficient time to effectively carry out his/her duties. In this regard, the number and nature of offices held by the candidate in public companies or organisations, and other executive appointments or significant commitments will be considered;
- (iii) effect on the board's composition and diversity;
- (iv) potential/actual conflicts of interest that may arise if the candidate is selected;

CORPORATE GOVERNANCE REPORT (CONTINUED)

- (v) independence of the candidate in the case of proposed appointment of an independent non-executive director;
- (vi) the number of years he/she has already served in the case of a proposed re-appointment of an independent non-executive director; and
- (vii) other factors that the Nomination Committee may consider relevant.

For appointment of new Directors, the Nomination Committee should evaluate the candidates based on the criteria as set out above to determine whether such candidates are qualified for directorship and then make recommendation to the Board. Where appropriate, the Nomination Committee and/or the Board should make recommendation to the Shareholders in respect of the proposed election of Director at a general meeting.

For re-election of Director, the Nomination Committee and/or the Board should review the overall contribution and service to the Company of retiring Director and the level of participation and performance by such Director in the Board. The Nomination Committee and/or the Board should also review and determine whether retiring Director continues to meet the criteria as set out above. The Nomination Committee and/or the Board should then make recommendation to the Shareholders in respect of the proposed re-election of Director at a general meeting.

The Board shall from time to time review the nomination policy to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practice.

Two Nomination Committee meetings have been held during the year to review the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company.

The attendance of individual members at Nomination Committee meetings held during the year is set out below:

	Attendance/ Number of Meetings
Mr. Ji Wei (<i>Chairman</i>)	2/2
Mr. Chan Cheong Tat	2/2
Mr. Luan Wenpeng (retired on 15 May 2025)	1/1
Mr. Jiang Xinjian (appointed on 15 May 2025)	1/1

In accordance with the Articles, Ms. Li Hong, Mr. Kat Chit, Mr. Chan Cheong Tat and Mr. Wang Yaonan will retire at the Annual General Meeting. Ms. Li Hong, Mr. Kat Chit and Mr. Chan Cheong Tat, being eligible, will offer themselves for re-election at the Annual General Meeting. Mr. Wang Yaonan has not offered himself for re-election at the Annual General Meeting as he would like to devote more time to his other endeavours. Accordingly, Mr. Wang Yaonan will retire as a Director from the conclusion of the Annual General Meeting.

The Nomination Committee recommended the re-appointment of the Directors standing for re-election and the appointment of independent non-executive Director at the next forthcoming annual general meeting of the Company.

REMUNERATION COMMITTEE

The duties of the Remuneration Committee include the following:

- (a) to make recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) to review and approve the management's remuneration proposals with reference to corporate goals and objectives resolved by the Board from time to time;
- (c) to determine the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendation to the Board on the remuneration of non-executive Directors. The Committee should consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group. A significant proportion of executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance;
- (d) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (e) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (f) to ensure that no Director or any of his/her associate is involved in deciding his/her own remuneration;
- (g) to advise shareholders on how to vote with respect to any service contracts of Directors that require shareholders' approval under Rule 13.68 of the Listing Rules; and
- (h) to review and/or approve matters relating to share schemes under chapter 17 of the Listing Rules.

The Remuneration Committee normally meets twice in each year for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the executive Directors and the senior management and other related matters. The human resources department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee shall consult the chairman about these recommendations on remuneration policy and structure and remuneration packages.

Two Remuneration Committee meetings have been held during the year to review the remuneration policy and structure of the Company and remuneration packages of the executive Directors and the senior management.

CORPORATE GOVERNANCE REPORT (CONTINUED)

The attendance of individual members at Remuneration Committee meetings held during the year is set out below:

	Attendance/ Number of Meetings
Mr. Chan Cheong Tat (<i>Chairman</i>)	2/2
Mr. Ji Wei	2/2
Mr. Luan Wenpeng (retired on 15 May 2025)	1/1
Mr. Jiang Xinjian (appointed on 15 May 2025)	1/1

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors (including one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The duties of the Audit Committee include the following:

- (a) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard;
- (c) to discuss with the external auditor before the audit commences, the nature and scope of the audit and reporting obligations, and ensure co-ordination where more than one audit firm is involved;
- (d) to develop and implement policy on engaging an external auditor to supply non-audit services. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- (e) to monitor the integrity of financial statements of the Company and the annual report and accounts, half-year report and, if prepared for publication, quarterly reports and to review significant financial judgements contained in them. In reviewing these reports before submission to the Board, the Audit Committee should focus particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from the audit;
 - (iv) the going concern assumption;

- (v) compliance with accounting standards; and
- (vi) compliance with the Listing Rules and other legal requirements in relation to financial reporting.
- (f) to liaise with the Board, senior management and the Chief Financial Officer and to meet, at least twice a year, with the Company's auditors and to consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by the Chief Financial Officer, compliance officer or auditors;
- (g) to review the Company's financial controls, internal control and risk management systems;
- (h) to discuss the internal control system with management to ensure that the management has performed its duty to have an effective internal control system. The discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting and financial reporting function of the Company;
- (i) to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management response, findings of internal investigations and management's response to these findings;
- (j) (where an internal audit function exists) to ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (k) to review the Group's financial and accounting policies and practices;
- (l) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- (m) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (n) to review arrangements which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (o) to act as the key representative body for overseeing the Company's relations with the external auditor;
- (p) to report to the Board on the matters set out in the Corporate Governance Code;
- (q) to establish a whistle blowing policy and system for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company; and
- (r) to consider other topics, as defined by the Board.

CORPORATE GOVERNANCE REPORT (CONTINUED)

The Audit Committee held two meetings during the year to review and discuss the financial results and reports, financial reporting and compliance procedures, internal control and risk management systems, and the re-appointment of the external auditors.

The attendance of individual members at Audit Committee meetings held during the year is set out below:

	Attendance/ Number of Meetings
Mr. Chan Cheong Tat (<i>Chairman</i>)	2/2
Mr. Luan Wenpeng (retired on 15 May 2025)	1/1
Mr. Jiang Xinjian (appointed on 15 May 2025)	1/1
Mr. Wang Yaonan	2/2

There is no material uncertainty relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditors.

The Company's annual results for the year ended 31 December 2025 have been reviewed by the Audit Committee.

INTERNAL CONTROL AND RISK MANAGEMENT COMMITTEE

The duties of the Internal Control and Risk Management Committee include the following:

- (a) to consider the Group's internal control and risk management strategies, review and approve internal control and risk management policies and guidelines;
- (b) to assess the adequacy and effectiveness of the internal control and risk management systems established by the management of the Group and report any findings, including any deficiencies, failures or risks noted to the Board via the Audit Committee at least twice a year or as and when any material deficiency, failure or risk is noted. Particular attention should be paid to the compliance with the Listing Rules;
- (c) to decide on risk levels and related resource allocation, to approve major decisions affecting the Group's risk profile and exposure, and to oversees formal reviews of activities associated with the effectiveness of risk management processes;
- (d) to review the Group's procedures for detecting fraud and whistle blowing and ensure that arrangements are properly in place and a comprehensive system of control should be established to ensure such risks are mitigated;
- (e) to consider issues raised by external auditor, Audit Committee or any member of the Board who has lodged a request for a meeting;

- (f) to provide the Board, as and when consider fit, its opinion relating to any matters concerning the internal control and risk management of the Group and to recommend any changes or improvements thereto to the Board, if necessary;
- (g) to invite any employee of the Group, through the Company Secretary, to attend its meeting as and when required;
- (h) to provide the Board, on a half-yearly basis, assessment reports on the Group's internal control and risk management systems; and
- (i) to be provided with sufficient resources enabling it to discharge its duties, including but not limited to obtaining advice and assistance from internal or external legal, accounting or other advisors at the expenses of the Company if necessary. The committee shall have access to such information, whether from sources within or outside the Group, as it deems necessary.

Two Internal Control and Risk Management Committee meetings have been held during the year to discuss the adequacy and effectiveness of the internal control and risk management systems established by the management of the Group and the findings of the internal control reviews performed by internal audit department of the Group.

The attendance of individual members of the Internal Control and Risk Management Committee meeting during the year is set out below:

	Attendance/ Number of Meeting
Mr. Chan Cheong Tat (<i>Chairman</i>)	2/2
Mr. Luan Wenpeng (retired on 15 May 2025)	1/1
Mr. Jiang Xinjian (appointed on 15 May 2025)	1/1
Mr. Wang Yaonan	2/2
Ms. Li Hong	2/2
Mr. Kat Chit	2/2

CORPORATE GOVERNANCE FUNCTION

The Board will be responsible for performing the following corporate governance duties:

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

CORPORATE GOVERNANCE REPORT (CONTINUED)

- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report in the annual report of the Company.

The Board may delegate the corporate governance duties to a committee of the Board.

During the year ended 31 December 2025, the Board has reviewed the Company's corporate governance policies.

AUDITORS' REMUNERATION

The statement of the external auditor of the Company about its reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 151 to 155 of this annual report.

The Company's external auditor is Ernst & Young. Total auditor's remuneration paid and payable by the Group for the year ended 31 December 2025 amounted to RMB6,431 million, which comprises RMB4,860 million for the audit services and RMB1,571 million for the non-audit services respectively. The non-audit services mainly include interim review and other transactions relating to the Group's business development.

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2025 on a going concern basis.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its overall responsibility to maintain appropriate and effective risk management and internal control systems in order to safeguard the Group's assets and shareholders' interests, as well as oversee and review the implementation and effectiveness of the systems.

The Group's risk management and internal control systems are featured with a defined management structure with reasonable delegated authority so as to identify and manage potential risks, to safeguard its assets against unauthorized use or disposition, to ensure reliability of financial reporting and compliance with relevant laws and regulations. The systems are designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives, with main purpose of providing reasonable and not absolute assurance against material misstatement or loss.

In order to assist the Board to discharge its duties, the Audit Committee is delegated with the authority and responsibility for reviewing and monitoring of the effectiveness of the risk management and internal control systems on a regular basis to ensure the systems in place are adequate. A sub-committee, the Internal Control and Risk Management Committee (“ICRM Committee”), was established and its main objective is to assist the Audit Committee to discharge its oversight responsibility over the risk management and internal control systems of the Group. The ICRM Committee works closely with the Risk Control Department which is supervised by the Audit Committee.

The Group has established an on-going process for identifying, evaluating and managing the significant risks (including ESG risks) associated with the achievement of its strategic objectives. Different business units are responsible for identifying, assessing and monitoring risks during their daily operations. Their risk responses including control measures implemented to mitigate risk identified will be reported to the Risk Control Department through regular internal meetings. Risk Control Department will prepare risk assessment reports on quarterly basis for the Board and the Audit Committee to discuss and evaluate the effectiveness of the risk management and internal control systems during Board meetings and Audit Committee meetings.

During the year ended 31 December 2025, the Audit Committee with the assistance of ICRM Committee, has conducted a review of the effectiveness of the Group’s risk management and internal control systems. The review covers major areas, including financial, operational and compliance controls, risk management functions, and the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company’s accounting, internal audit and financial reporting functions, as well as those relating to the Group’s ESG performance and reporting. No significant areas of concern that may affect the Group to achieve its strategic goals have been identified and the Audit Committee accepts that the existing risk management and internal control systems have been functioning effectively to meet the respective financial reporting, operational and compliance needs.

The Company’s internal audit department is responsible for providing independent assurance that the Group’s risk management, governance and internal control procedures are operating effectively. During the year under review, the Group’s internal audit department conducted on-going reviews on the effectiveness of the internal control systems of the Group. The reviews covered major financial and operational controls. The reports of its findings have been submitted to the Audit Committee for review. No significant deficiency but areas for improvement was identified during the course of review and the systems have been operating effectively and adequately.

Based on the results of the review as reported by the Audit Committee, the Board is of the opinion that the risk management and internal control systems which address the Group’s financial, operational and compliance risks, are effective and adequate and the Group has duly complied with the provisions of the Corporate Governance Code regarding risk management and internal control during the year ended 31 December 2025.

The Board has established policy and internal control procedures for the handling and dissemination of insider information in compliance with the requirements under Part XIVA of the Securities and Future Ordinance and the Listing Rules to ensure that disclosures are made on a timely and accurate manner. Such policy has been communicated to all Directors and senior management of the Group. Every Director and senior management must take all reasonable measures from time to time to ensure that proper safeguards exist to prevent a breach of disclosure requirement. The Chief Financial Officer works closely with Directors and senior management in identifying potential inside information and assessing the materiality thereof, and if appropriate, will escalate to the attention of the Board to take appropriate action promptly to ensure compliance of the applicable laws and regulations.

CORPORATE GOVERNANCE REPORT (CONTINUED)

The Company has also taken all reasonable measures from time to time to ensure proper preservation of confidentiality of inside information until disclosure to general public, including restrictive access to inside information to a limited number of employees on a need-to-know basis, ensure the relevant employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality and ensure appropriate confidentiality agreements are in place when the Group enters into significant negotiations.

During the year ended 31 December 2025, the Group has adopted a whistleblowing policy and system for employees and those who deal with the Group to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Group, and a policy and system that promotes and supports anti-corruption laws and regulation. The above policies are available on the website of the Company.

COMPANY SECRETARY

During the year ended 31 December 2025, Mr. Choi Wai Lung Edward was the Company Secretary. Mr. Choi is a full-time employee of the Company, and has the day-to-day knowledge of the Company's affairs. His biographical details are set out in the "Biographical Details of Directors and Senior Management" section of this annual report. For the year ended 31 December 2025, Mr. Choi had complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training.

DIVIDEND POLICY

The Board has adopted a dividend policy (the "Dividend Policy") on 9 November 2018. The Board endeavors to maintain a balance between the interests of the Shareholders and prudent capital management with a sustainable Dividend Policy. It is the policy of the Board, in considering the payment of dividends, to allow Shareholders to participate in the Company's profits whilst retaining adequate reserves for the Group's future growth. The Board shall consider the following factors before declaring or recommending dividends:

- (a) the Group's results of operations;
- (b) the Group's actual and expected financial performance;
- (c) retained earnings and distributable reserves of the Company and each of the subsidiaries of the Group;
- (d) the Group's expected working capital requirements, capital expenditure requirements and future expansion plans;
- (e) the Group's liquidity and cash flow position;
- (f) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
- (g) any other factors that the Board may consider relevant.

The declaration and payment of dividends shall remain to be determined at the sole discretion of the Board and subject to any restrictions under the Companies Law of the Cayman Islands and the articles of association of the Company. The Board will continually review the Dividend Policy as appropriate from time to time.

SHAREHOLDERS' RIGHTS

Rights and procedures for shareholders to convene an extraordinary general meeting (“EGM”) (including putting forward proposals/moving a resolution at the EGM)

Pursuant to Article 58 of the Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the “Eligible Shareholder(s)”) shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.

Eligible Shareholder(s) who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the “Requisition”) signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong at Units 706–7, 7/F Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong, for the attention of the Company Secretary.

The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholdings in the Company, the reason(s) to convene an EGM, the agenda including the details of the business(es) proposed to be transacted in the EGM, signed by the Eligible Shareholder(s) concerned.

The Company will check the Requisition and the identity and the shareholdings of the Eligible Shareholder(s) will be verified with the Company’s branch share registrar. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM within 2 months and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the EGM after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the EGM.

If within 21 days of the deposit of the Requisition the Board has not advised the Eligible Shareholder(s) of any outcome to the contrary and fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the Memorandum and Articles of Association of the Company, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Procedures by which enquiries may be put to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong at Units 706–7, 7/F, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong by post or email to enquires@wasionholdings.com.hk for the attention of the Company Secretary.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Upon receipt of the enquiries, the Company Secretary will forward:

- communications relating to matters within the Board's purview to the executive Directors of the Company;
- communications relating to matters within a Board committee's area of responsibility to the chairman of the appropriate committee; and
- communications relating to ordinary business matters, such as suggestions, inquiries and consumer complaints, to the appropriate management of the Company.

Procedures for Shareholders to propose a person for election as a director

- If a Shareholder wishes to propose a person other than a director of the Company for election as a Director, the Shareholder must deposit a written notice (the "Notice") to the principal place of business of the Company in Hong Kong at Units 706–7, 7/F, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong or the branch share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for the attention of the Company Secretary.
- The Notice must state clearly the name of the Shareholder and his/her/their shareholdings, the full name of the person proposed for election as a Director, including the person's biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the Shareholder concerned (other than the person to be proposed). The Notice must also be accompanied by a letter of consent signed by the person proposed to be elected on his/her willingness to be elected as a Director.
- The period for lodgment of the Notice will commence no earlier than the day after the despatch of the notice by the Company of the general meeting appointed for election of directors of the Company and end no later than seven (7) days prior to the date of such general meeting. If the Notice is received less than 15 days prior to the general meeting, the Company will need to consider the adjournment of the general meeting in order to give shareholders 14 days' notice of the proposal.
- The Notice will be verified with the Company's branch share registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Nomination Committee and the Board to consider to include the resolution in the agenda for the general meeting proposing such person to be elected as a Director.

INVESTOR RELATIONS

The Board has established a shareholders' communication policy which aims to set out the provisions with the objective of ensuring the Shareholders are provided with equal and timely access to information about the Company, in order to enable the Shareholders to exercise their rights in an informed manner and to allow them to engage actively with the Company. The shareholders' communication policy is currently available on the Company's website.

The Board will maintain an on-going dialogue with the Shareholders and will review this policy regularly to ensure its effectiveness. Information will be communicated to the Shareholders through the Company's financial reports, annual general meetings and other general meetings that may be convened, as well as all the disclosures submitted to the Stock Exchange. Effective and timely dissemination of information to the Shareholders will be ensured at all times.

A dedicated Investor Relations section is available on the Company's website www.wasion.com. Information on the Company's website is updated on a regular basis. Information released by the Company to the Stock Exchange is also posted on the Company's website immediately thereafter. Such information includes financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents, etc. All presentation materials provided in conjunction with the Company's annual general meeting and results announcement each year will be made available on the Company's website. All press releases and Shareholders' newsletters will also be made available on the Company's website.

Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. Board members, in particular, the chairmen of the Board committees or their delegates, appropriate senior management and external auditors will attend annual general meetings to answer Shareholders' questions.

During the year ended 31 December 2025, the 2025 annual general meeting ("2025 AGM") was held on 15 May 2025. All the resolutions proposed at the 2025 AGM were duly passed by the Shareholders by way of poll and the results of the poll have been published on the websites of the Stock Exchange and the Company. Mr. Kat Chit, an executive Director, Chief Executive Officer and member of the Internal Control and Risk Management Committee, chaired the 2025 AGM and answered Shareholders' questions. The external auditor of the Company, Ernst & Young, attended the 2025 AGM to answer Shareholders' questions about the conduct of the audit, the preparation and content of the independent auditor's report and independence of auditor.

The attendance of the Directors at the 2025 AGM is set out below:

Directors	AGM Attended/held
<i>Executive Directors:</i>	
Mr. Ji Wei	1/1
Mr. Kat Chit	1/1
Ms. Li Hong	1/1
Ms. Zheng Xiao Ping	1/1
Mr. Tian Zhongping	1/1
<i>Non-executive Director:</i>	
Ms. Cao Zhao Hui	1/1
<i>Independent Non-executive Directors:</i>	
Mr. Chan Cheong Tat	1/1
Mr. Luan Wenpeng (retired on 15 May 2025)	1/1
Mr. Jiang Xinjian (appointed on 15 May 2025)	0/1
Mr. Wang Yaonan	1/1

CORPORATE GOVERNANCE REPORT (CONTINUED)

The forthcoming annual general meeting of the Company (“2026 AGM”) will be held on 15 May 2026. The notice convening the 2026 AGM together with the circular will be published on the websites of the Stock Exchange and the Company and dispatched to Shareholders before 30 April 2026.

During the year ended 31 December 2025, the Company Secretary responded to the enquiries of Shareholders, investment community and analysts made by phone, mail, corporate website and social media platform. Regular one-on-one/small group meetings and online roadshows were organized for investors and Shareholders to discuss with the Company’s management on financial results, business development and strategic plan. The Board has reviewed and was satisfactory with the implementation and effectiveness of the shareholders’ communication policy conducted during the year ended 31 December 2025.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

There was no significant change in the Company’s constitutional documents during the year ended 31 December 2025.

INDEPENDENT AUDITOR'S REPORT



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To the shareholders of Wasion Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Wasion Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 156 to 271, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, 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 (“HKSA”) 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 (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><i>Impairment assessment of trade receivables</i></p>	
<p>As at 31 December 2025, the gross carrying amount of the Group's trade receivables was RMB7,449,388,000, which represented approximately 42.4% of total assets of the Group. As at 31 December 2025, the loss allowances of trade receivables amounted to RMB413,340,000.</p>	<p>Our procedures in relation to the impairment assessment of trade receivables included:</p> <ul style="list-style-type: none"> • obtaining an understanding of management's process for estimating ECLs and the methodology of the ECL model adopted by the Group;
<p>Management's assessment of the expected credit losses ("ECLs") involves significant judgement and estimates for the amount of lifetime ECLs of trade receivables based on the probability of default approach by estimating the probability of default, loss given default and exposure at default. The ECL assessment involves inputs and assumptions, including past debtors' repayment history and forward-looking information. The Group has engaged an external valuer to determine the ECLs of trade receivables at the end of the reporting period.</p>	<ul style="list-style-type: none"> • assessing management's assumptions and inputs in the ECL model by considering the historical customer payment behaviours and the basis of the estimated loss rates applied in each category in the provision with reference to the historical default rate, ageing of trade receivables, probability of default, loss given default and forward-looking information; • assessing management's basis and judgement in identifying the credit-impaired trade receivables by reviewing the historical customer payment records; • involving our internal specialists to assist us in evaluating the ECL model and estimated loss rates;
<p>Relevant disclosures of accounting judgements and estimates and impairment of trade receivables are included in notes 3, 23 and 45 to the consolidated financial statements.</p>	<ul style="list-style-type: none"> • evaluating the external valuer's objectivity, competence and independence; and • assessing the adequacy of the disclosures of impairment assessment of trade receivables in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>Capitalisation of development costs</p> <p>As at 31 December 2025, the carrying amount of the Group's capitalised development costs was RMB428,621,000, which represented approximately 2.4% of total assets of the Group. The Group capitalised certain costs incurred during the development phase of internal projects for development of new technology and new products.</p> <p>Management's assessment of whether the costs meet the capitalisation criteria, as set out in note 3 "Significant accounting judgements and estimates" to the consolidated financial statements, and how the intangible assets capitalised will generate probable future economic benefits, involves significant judgement and assumptions.</p> <p>Relevant disclosures of accounting judgements and capitalised development costs are included in notes 3 and 17 to the consolidated financial statements.</p>	<p>Our procedures in relation to the capitalisation of development costs included:</p> <ul style="list-style-type: none"> • assessing and testing the effectiveness of key controls over the capitalisation of development costs, on a sample basis; • checking the additions of development costs for the year against supporting documentation on a sample basis; • making inquiries with the relevant development project managers of the research and development department of the Group about the details of the selected development projects, including, inter alia, the technical feasibility of completing the projects, the Group's ability to use or sell the assets, the existence of a market, and the prospect of generating probable and sufficient economic benefits; and • evaluating management's assessment by reviewing market research reports and the financial performance of the completed development projects, on a sample basis.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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.

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.
- 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 Lam Wai Ming, Ada (practising certificate number: P04699).

Ernst & Young
Certified Public Accountants

Hong Kong

26 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
REVENUE	5	10,073,525	8,716,541
Cost of sales		(6,476,605)	(5,681,403)
Gross profit		3,596,920	3,035,138
Other income, gains and losses, net	5	238,470	232,942
Selling expenses		(788,910)	(737,643)
Administrative expenses		(413,202)	(367,796)
Research and development expenses	6	(734,177)	(730,404)
Impairment losses on financial assets and contract assets, net	6	(48,590)	(99,396)
Finance costs	7	(106,603)	(125,528)
Share of profits of an associate		947	275
Profit before tax	6	1,744,855	1,207,588
Income tax expense	10	(263,751)	(177,426)
PROFIT FOR THE YEAR		1,481,104	1,030,162
Profit for the year attributable to:			
— Owners of the parent		1,058,246	705,612
— Non-controlling interests		422,858	324,550
		1,481,104	1,030,162
OTHER COMPREHENSIVE INCOME:			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		29,620	16,045
Tax effect		(2,132)	(1,994)
		27,488	14,051
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		38,318	(97,011)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		65,806	(82,960)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,546,910	947,202
Attributable to:			
— Owners of the parent		1,123,509	622,207
— Non-controlling interests		423,401	324,995
		1,546,910	947,202
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
— Basic (in RMB)		RMB1.069	RMB0.714
— Diluted (in RMB)		RMB1.066	RMB0.712

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	2,333,133	2,076,545
Investment properties	14	4,353	4,460
Right-of-use assets	15	186,739	203,809
Goodwill	16	330,636	330,636
Other intangible assets	17	519,259	511,578
Investment in a joint venture	18	—	—
Investment in an associate	19	10,373	9,426
Equity investments designated at fair value through other comprehensive income	20	70,786	82,222
Financial assets at fair value through profit or loss	21	242,461	232,497
Loan receivable	25	84,500	—
Prepayments, other receivables and other assets	26	257,742	256,835
Deposits of acquisition of property, plant and equipment	27	61,246	91,038
Deferred tax assets	34	162,867	153,786
		4,264,095	3,952,832
CURRENT ASSETS			
Inventories	22	1,437,888	1,264,093
Trade and bills receivables	23	7,112,004	5,821,016
Contract assets	24	424,959	388,495
Loan receivable	25	—	85,000
Prepayments, other receivables and other assets	26	911,892	860,615
Structured deposits	28	—	50,000
Pledged deposits	29	416,832	514,547
Cash and bank balances	29	3,015,242	2,790,300
		13,318,817	11,774,066
CURRENT LIABILITIES			
Trade and bills payables	30	5,951,994	5,081,672
Other payables and accruals	31	596,218	513,362
Financial liabilities at fair value through profit or loss	32	—	14,580
Interest-bearing bank borrowings	33	1,400,820	1,615,723
Lease liabilities	15	9,257	15,721
Tax payable		137,103	110,795
		8,095,392	7,351,853
NET CURRENT ASSETS		5,223,425	4,422,213
TOTAL ASSETS LESS CURRENT LIABILITIES		9,487,520	8,375,045

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	33	1,086,081	971,473
Lease liabilities	15	12,816	19,515
Deferred tax liabilities	34	45,686	38,872
Other payables and accruals	31	27,448	24,257
		1,172,031	1,054,117
Net assets		8,315,489	7,320,928
EQUITY			
Equity attributable to owners of the parent			
Issued capital	35	9,906	9,906
Reserves		6,225,852	5,422,701
		6,235,758	5,432,607
Non-controlling interests	47	2,079,731	1,888,321
Total equity		8,315,489	7,320,928

Ji Wei
Director

Kat Chit
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent											Total equity RMB'000
	Issued capital RMB'000	Share premium RMB'000	Merger reserve RMB'000 (Note 37(i))	Exchange reserve RMB'000	PRC statutory reserves RMB'000 (Note 37(ii))	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Shares held for a share award scheme RMB'000 (Note 37(iii))	Other reserve RMB'000 (Note 37(iv))	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000 (Note 47)	
At 1 January 2025	9,906	217,752	49,990	(102,791)	814,358	(46,024)	(20,045)	161,637	4,347,824	5,432,607	1,888,321	7,320,928
Profit for the year	—	—	—	—	—	—	—	—	1,058,246	1,058,246	422,858	1,481,104
Other comprehensive income for the year:												
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	—	—	—	27,488	—	—	—	27,488	—	27,488
Exchange differences on translation of foreign operations	—	—	—	37,775	—	—	—	—	—	37,775	543	38,318
Total comprehensive income for the year	—	—	—	37,775	—	27,488	—	—	1,058,246	1,123,509	423,401	1,546,910
Transfer to PRC statutory reserves	—	—	—	—	184,955	—	—	—	(184,955)	—	—	—
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	—	—	—	—	—	6,996	—	—	(6,996)	—	—	—
Shares granted under the share award scheme (note 36)	—	—	—	—	—	—	23,142	—	—	23,142	—	23,142
Repurchase of shares by a listed subsidiary	—	—	—	—	—	—	—	—	—	—	(127,519)	(127,519)
Release of restricted shares under the share award scheme of a listed subsidiary	—	—	—	—	—	—	—	(4,669)	—	(4,669)	35,741	31,072
Equity-settled share-based arrangements of a listed subsidiary (note 36)	—	—	—	—	—	—	—	7,526	—	7,526	5,009	12,535
Proportional capital injection by non-controlling interests	—	—	—	—	—	—	—	—	—	—	5,772	5,772
Appropriation of maintenance and production funds	—	—	—	—	5,015	—	—	—	(5,015)	—	—	—
Utilisation of maintenance and production funds	—	—	—	—	(2,621)	—	—	—	2,621	—	—	—
Disposal of subsidiaries (note 38)	—	—	—	327	—	—	—	—	—	327	(34)	293
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(150,960)	(150,960)
Dividend paid (note 11)	—	(200,000)	—	—	—	—	—	—	(146,684)	(346,684)	—	(346,684)
At 31 December 2025	9,906	17,752*	49,990*	(64,689)*	1,001,707*	(11,540)*	3,097*	164,494*	5,065,041*	6,235,758	2,079,731	8,315,489

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year ended 31 December 2025

	Attributable to owners of the parent													Total equity RMB'000
	Issued capital RMB'000	Share premium RMB'000	Merger reserve RMB'000 (Note 37(i))	Exchange reserve RMB'000	PRC statutory reserves RMB'000 (Note 37(ii))	Share option reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000 (Note 37(iii))	Shares held for a share award scheme RMB'000 (Note 37(iii))	Other reserve RMB'000 (Note 37(iv))	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000 (Note 47)		
At 1 January 2024	9,906	472,004	49,990	(5,335)	682,367	27,730	(60,075)	(27,498)	271,074	3,746,473	5,166,636	1,609,985	6,776,621	
Profit for the year	—	—	—	—	—	—	—	—	—	705,612	705,612	324,550	1,030,162	
Other comprehensive income/(loss) for the year:														
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	—	—	—	—	14,051	—	—	—	14,051	—	14,051	
Exchange differences on translation of foreign operations	—	—	—	(97,456)	—	—	—	—	—	—	(97,456)	445	(97,011)	
Total comprehensive income for the year	—	—	—	(97,456)	—	—	14,051	—	—	705,612	622,207	324,995	947,202	
Transfer to PRC statutory reserves	—	—	—	—	130,135	—	—	—	—	(130,135)	—	—	—	
Shares granted under the share award scheme (note 36)	—	—	—	—	—	—	—	13,743	—	—	13,743	—	13,743	
Purchase of shares under the share award scheme	—	—	—	—	—	—	—	(6,290)	—	—	(6,290)	—	(6,290)	
Equity-settled share-based arrangements of a listed subsidiary (note 36)	—	—	—	—	—	—	—	—	14,662	—	14,662	9,758	24,420	
Transfer of share option reserve upon the expiry of share options	—	—	—	—	—	(27,730)	—	—	—	27,730	—	—	—	
Partial acquisition of interests in subsidiaries (note 37(v))	—	—	—	—	—	—	—	—	(34,262)	—	(34,262)	(60,738)	(95,000)	
Cancellation of repurchased shares of a listed subsidiary	—	—	—	—	—	—	—	—	(89,837)	—	(89,837)	89,837	—	
Appropriation of maintenance and production funds	—	—	—	—	3,864	—	—	—	—	(3,864)	—	—	—	
Utilisation of maintenance and production funds	—	—	—	—	(2,008)	—	—	—	—	2,008	—	—	—	
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(85,516)	(85,516)	
Dividend paid (note 11)	—	(254,252)	—	—	—	—	—	—	—	—	(254,252)	—	(254,252)	
At 31 December 2024	9,906	217,752*	49,990*	(102,791)*	814,358*	—	(46,024)*	(20,045)*	161,637*	4,347,824*	5,432,607	1,888,321	7,320,928	

* These reserve accounts comprise the consolidated reserves of RMB6,225,852,000 (2024: RMB5,422,701,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,744,855	1,207,588
Adjustments for:			
Share of profits of an associate		(947)	(275)
Bank interest income	5	(42,624)	(45,005)
Interest income from structured deposits	5	(3,490)	(14,658)
Interest income from loan receivables	5	(5,251)	(6,011)
Interest income from consideration receivable for disposal of a subsidiary	5	—	(2,919)
Interest income from other receivables	5	(3,421)	(4,459)
Interest income from financial assets at fair value through profit or loss ("FVTPL")	5	(17,471)	(20,715)
Dividend income from equity investments designated at fair value through other comprehensive income ("FVTOCI")	5	(248)	(460)
Fair value (gain)/loss on financial instruments at FVTPL	5	(1,268)	6,505
Gain on disposal of property, plant and equipment	5	(3,645)	(551)
Gain on termination of leases	15	(412)	—
Gain on disposal of subsidiaries	5	(14,193)	—
Depreciation of property, plant and equipment	6	165,732	128,163
Depreciation of investment properties	6	107	342
Depreciation of right-of-use assets	6	27,296	15,528
Amortisation of other intangible assets	6	176,739	171,724
Gain on termination of leases			
Write-down of inventories to net realisable value	6	13,612	27,933
Impairment losses on financial assets and contract assets, net	6	48,590	99,396
Expenses for equity-settled share-based arrangements	6	36,685	36,082
Finance costs	7	106,603	125,528
Operating cash flows before movements in working capital		2,227,249	1,723,736
Increase in inventories		(210,449)	(107,675)
Increase in trade and bills receivables		(1,339,026)	(1,315,492)
Decrease/(increase) in prepayments, other receivables and other assets		3,914	(344,817)
(Increase)/decrease in contract assets		(44,772)	17,155
Increase in trade and bills payables		885,461	1,078,044
Increase in other payables and accruals		129,978	76,842
Cash generated from operations		1,652,355	1,127,793
Interest paid		(1,808)	(678)
Income tax paid		(242,850)	(200,317)
Net cash flows from operating activities		1,407,697	926,798

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		(339,875)	(336,943)
Additions to other intangible assets		(184,389)	(150,760)
Advance to a joint venture		(13,770)	(13,770)
Repayment of an advance made to a joint venture		17,850	17,850
Advance of loan receivable		(84,500)	(20,000)
Repayment of a loan receivable		85,000	20,000
Repayment of consideration receivable for disposal of a subsidiary and unlisted equity instruments		—	100,652
Interest received		72,257	93,767
Disposal of subsidiaries	38	(7,475)	—
Dividends received from equity investments designated at FVTOCI		248	460
Proceeds from disposal of property, plant and equipment		31,994	9,191
Payment of deposits of acquisition of property, plant and equipment		(109,956)	(34,638)
Proceeds from disposal of investments designated at FVTOCI		41,154	—
Purchase of equity investments designated at FVTOCI		(400)	—
Purchase of financial assets at FVTPL		(8,000)	(8,000)
Payment for financial liabilities at FVTPL		(15,276)	(40,212)
Placement in structured deposits		(1,454,000)	(3,159,000)
Withdrawal of structured deposits		1,504,000	3,229,000
Placement in bank deposits with maturity over three months		(200,000)	(115,000)
Withdrawal of bank deposits with maturity over three months		140,000	190,000
Placement of pledged deposits		(327,392)	(866,751)
Withdrawal of pledged deposits		425,107	913,100
Net cash used in investing activities		(427,423)	(171,054)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		3,492,404	2,570,896
Repayment of bank loans		(3,569,326)	(2,528,043)
Dividends paid		(346,684)	(254,252)
Dividend paid to non-controlling shareholders		(150,960)	(85,516)
Interest paid on borrowings		(104,795)	(124,850)
Repurchase of shares by a listed subsidiary		(127,519)	—
Principal portion of lease payments		(22,108)	(10,482)
Capital injection by non-controlling shareholders		5,772	—
Shares repurchased for share award scheme		—	(6,290)
Payment of partial acquisition of subsidiaries		—	(95,000)
Net cash used in financing activities		(823,216)	(533,537)

	2025 RMB'000	2024 RMB'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	157,058	222,207
Cash and cash equivalents at beginning of the year	2,425,300	2,204,896
Effect of foreign exchange rate changes, net	7,884	(1,803)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	2,590,242	2,425,300
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,590,242	2,425,300
Time deposits	425,000	365,000
Cash and bank balances as stated in the consolidated statement of financial position	3,015,242	2,790,300
Less: Time deposits with original maturity over three months	(425,000)	(365,000)
Cash and cash equivalents as stated in the consolidated statement of cash flows	2,590,242	2,425,300

NOTES TO FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION

Wasion Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the Company’s head office and principal place of business is located at Units 706–7, 7/F Harcourt House, 39 Gloucester Road, Wan Chai, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the “Group”) were engaged in the following principal activities:

- manufacture and trading of smart grid device products
- provision of system solution services

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company is Star Treasure Investments Holdings Limited, which is incorporated in the British Virgin Islands (the “BVI”).

Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name of subsidiary	Place of incorporation or registration/operation	Paid-up capital	Proportion of nominal value of issued registered capital held by the Company				Principal activities
			Directly		Indirectly		
			2025	2024	2025	2024	
Oceanbase Group Limited	BVI/ Hong Kong	US\$1,000,000	100%	100%	—	—	Investment holding
Power Well Creation Limited	Hong Kong	HK\$2	100%	100%	—	—	Investment holding
Hunan Forever Technology Co., Ltd. *(formerly known as Weisheng Energy Industrial Technology Co., Ltd.*)	The People’s Republic of China (“PRC”)/ Chinese mainland	RMB200,000,000	—	—	68.0%	68.0%	Development, manufacture and sale of energy saving products and related services
Wasion International Co., Ltd.	PRC/ Chinese mainland	RMB10,000,000	—	—	100%	100%	Trading of power meters
Willfar Information Technology Company Limited* [@]	PRC/ Chinese mainland	RMB500,000,000	—	—	59.6%	59.6%	Development, manufacture and sale of data collection terminals and related services
Changsha Vitae Plastic Technology Co., Ltd.* [#]	The PRC/ Chinese mainland	RMB20,000,000	—	—	100%	100%	Development, manufacture and sale of parts of power meters, data collection terminals and related services

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name of subsidiary	Place of incorporation or registration/operation	Paid-up capital	Proportion of nominal value of issued registered capital held by the Company				Principal activities
			Directly		Indirectly		
			2025	2024	2025	2024	
Gam Sheng Macao Commercial Offshore Limited	Macau	MOP1,000,000	—	—	100%	100%	Trading of electronic components
Hunan Weike Power Meters Company Limited*	PRC/ Chinese mainland	HK\$100,000,000	—	—	100%	100%	Development, manufacture and sale of power meters
Hunan Weiming Technology Co., Ltd.*	PRC/ Chinese mainland	RMB500,000,000	—	—	59.6%	59.6%	Development, manufacture and sale of water, gas and heat meters
Wayon Energy Technology Co., Ltd. [#] (formerly know as Wasion Energy Technology Co., Ltd. [#])	PRC/ Chinese mainland	RMB539,487,146	—	—	68.0%	68.0%	Development, manufacture and sale of smart distribution devices
Wasion Group Limited [#]	PRC/ Chinese mainland	RMB1,209,900,000	—	—	100%	100%	Development, manufacture and sale of power meters
Hunan Switchgear Co., Ltd.	PRC/ Chinese mainland	RMB100,000,000	—	—	68.0%	68.0%	Development, manufacture and sale of switchgears
Zhuhai Zhonghui Microelectronics Co., Ltd. [#]	PRC/ Chinese mainland	RMB37,000,000	—	—	59.6%	59.6%	Development, manufacture and sale of electronic components
Changsha Zomkun Electronic Science and Technology Co., Ltd.	PRC/ Chinese mainland	RMB38,000,000	—	—	100%	100%	Development, manufacture and sale of electronic components
Wasion da Amazônia Indústria de Instrumentos Eletrônicos LTDA.	The Federative Republic of Brazil	BRL39,824,700	—	—	100%	100%	Development, manufacture and sale of power meters

* Registered as Sino-foreign enterprises under the law of the PRC

[#] Registered as wholly-foreign-owned enterprises under the law of the PRC

[@] Listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 assets at fair value through profit or loss, equity investments designated at fair value through other comprehensive income, life insurance at fair value through profit or loss and financial liabilities at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of 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, directly or indirectly, 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.

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.

2. ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange 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, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (Continued)

- 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 and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income 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.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (Continued)

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (Continued)

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards — Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **HKFRS 7 *Financial Instruments: Disclosures***: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 9 *Financial Instruments***: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 10 *Consolidated Financial Statements***: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKAS 7 *Statement of Cash Flows***: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

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 the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, 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 associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

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 or other comprehensive income, as appropriate.

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.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Fair value measurement

The Group measures its financial instruments at FVTPL and equity instruments designated at FVTOCI 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 FINANCIAL STATEMENTS (CONTINUED)

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, deferred tax assets and financial 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 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 the 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 profit or loss in the period in which it arises.

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 FINANCIAL STATEMENTS (CONTINUED)

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:

Owned buildings	Over the remaining period of the lease terms of the relevant land on which owned buildings are erected, or 50 years, whichever is the shorter
Leasehold improvements	Over the remaining period of the relevant lease, or 5 years, whichever is the shorter
Plant and machinery	10% to 20%
Furniture, fixtures and office equipment	10% to 20%
Motor vehicles	10%

All of the owned buildings are erected on land with medium-term land use right outside Hong Kong.

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 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

A property is transferred to an investment property when there is a change of use, as evidenced by end of owner-occupation. The cost and accumulated depreciation of that item (including the relevant leasehold land under HKFRS 16) at the date of transfer is recognised as the cost and accumulated depreciation of the investment property, respectively.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on the straight-line basis over the remaining period of the lease terms of the relevant land on which owned buildings are erected, or 50 years, whichever is the shorter. All of the investment properties are erected on land with a medium-term land use right outside Hong Kong.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

An item of investment property is transferred to property, plant and equipment when there is a change of use, as evidenced by start of owner-occupation. The cost and accumulated depreciation of that item at the date of transfer are recognised as the cost and accumulated depreciation of the property, plant and equipment respectively.

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.

The intangible assets have finite useful lives and are amortised on a straight-line basis over the following periods:

Patents, copyrights, trademarks and software systems	3 to 10 years
Technology know-how	3 to 5 years
Customer relationship and contracts	10 years

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill) (Continued)

Research and development costs

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

Expenditure incurred on projects to develop new products is capitalised 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.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products from 3 to 5 years, commencing from the date when the products are put into commercial production.

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.

(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 any 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	50 years
Leased properties	1 to 12 years

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(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).

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 the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option 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 machinery 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 expenses on a straight-line basis over the lease terms.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as an operating lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included in other income in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

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 are measured at the transaction price determined under HKFRS 15 *Revenue from Contracts with Customers* in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, 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 profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVTOCI (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at FVTOCI 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets designated at FVTOCI (equity investments) (Continued)

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in 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 FVTOCI are not subject to impairment assessment.

Financial assets at FVTPL

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

The life insurance products are initially recognised at the amount of the premium paid and subsequently carried at fair value at the end of each reporting period, with changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Derecognition of financial assets (Continued)

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. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, the Group may also 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

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 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

Write-off

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

Credit-impaired

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Evidence that a financial asset is credit-impaired includes observable data about the following events:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Simplified approach

For trade receivables and contract assets that do not contain 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 applied the probability of default approach by estimating the probability of default, loss given default and exposure at default. The ECL assessment considers all reasonable and supportable information, including past experience and forward-looking information.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables, as appropriate.

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss. The net fair value gain or loss recognised in the profit or loss does not include any interest charged on these financial liabilities.

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

After initial recognition, trade and other payables, and interest-bearing 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.

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 consolidated 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 weighted average 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 estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the consolidated 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 profit or loss.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

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 the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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, except that deferred tax is not recognised for the Pillar Two income taxes.

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, an associate and a joint venture, 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, and 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, and 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, an associate and a joint venture, 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of the 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 the 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.

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 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 fair value is credited to a deferred income account and is released to the statement of profit or loss and other comprehensive income over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss and other comprehensive income 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 FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Provision of system solution services

Revenue from the provision of system solution services is recognised over time using an output method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The output method recognises revenue based on the stage of completion of the solution services by reference to the installation works certified by the customers.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Other income

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

Dividend income is recognised when the shareholders' right to receive payment has been established.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled 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.

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 a share option scheme and a share award scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange 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 of share option was determined using a binomial model.

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 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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

When trustee of the share award scheme purchases the Company's shares from the open market, the consideration paid, including any directly attributable incremental costs, is presented as shares held for share award scheme and deducted from total equity. No gain or loss is recognised on the transactions of the Company's own shares.

The fair value of services received is determined by reference to the fair value of share awards granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share award reserve).

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These 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.

Payments to state-managed retirement benefit schemes in jurisdictions other than the PRC and Hong Kong are charged as expenses when employees have rendered service entitling them to the contributions.

Borrowing costs

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 approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currencies

These financial statements are presented in RMB. 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 the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve, except to the extent that the differences are attributable to non-controlling interest. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, 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.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Capitalisation of development costs

Careful judgement by the Group's management is applied when deciding whether the recognition requirements for intangible assets arising from development costs have been met. The Group applies judgement in determining whether the Group has the ability to use the intangible asset, and can demonstrate the existence of a market for the products produced from the use of the intangible asset or the intangible asset itself or, if it is to be used internally, the ability to generate positive cash flows from the use of the intangible asset. Management has conducted a careful assessment and concluded that the future economic benefit relating to these development costs is probable which fulfils the capitalisation criteria.

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.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2025 was RMB330,636,000 (2024: RMB330,636,000). Further details are set out in note 16 to the financial statements.

Provision for expected credit losses on trade receivables and contract assets

The Group uses the probability of default approach to calculate ECLs for trade receivables and contract assets. Estimation is made for the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and exposure at default based on the Group's historical experience. The Group has engaged an external valuer to determine the ECL for trade receivables and contract assets at the end of the reporting period. The Group will calibrate the inputs and assumptions with forward-looking information. For instance, if forward-looking information (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the electricity sector, the loss rates are adjusted upward. The information about the ECLs on the Group's trade receivables and contract assets is set out in note 45 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments. During the year, management has reviewed the development of three segments and updated the names of the existing three business segments to more accurately reflect the current status and future strategic direction of the Group's business development. This update is primarily based on the deepening and expansion of the business substance, aiming to provide clearer positioning, more prominent technological focus for each segment, and to ensure alignment with industry development trends and the Group's long-term vision.

This change in business segment names is a natural step in the Group's development process, marking that the Group's business has entered a new stage of empowering comprehensive upgrades of the energy system with advanced digital intelligence technologies. The name change will not affect the existing business structure, contract fulfillment, or customer service. The Group will remain committed to creating sustainable value for shareholders, customers, and society through technological innovation.

The three reportable operating segments and adjustments of names are stated as follows:

- Smart grid solutions (formerly known as power advanced metering infrastructure) segment, which engages in power metering infrastructure to deepening and expanding into providing full-stack intelligent solutions for power grid planning, operation, monitoring, maintenance, and optimization by leveraging intelligence technologies such as artificial intelligence and machine learning; and
- AI-integrated energy efficiency solutions (formerly known as communications and fluid advanced metering infrastructure) segment, which engages in the manufacture, sale of communications and fluid metering products with deeply integrates digitalization and intelligent technologies, incorporates AI algorithms, and provides customers with comprehensive energy efficiency analysis, management, and optimization services; and
- Digital energy services (formerly known as advanced distribution operations) segment, which engages in the manufacture, sale of integrated solutions for data centers, smart distribution network, and new energy storage related — powering digitalization and intelligentization of the energy ecosystem, forming three major business sectors.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, non-lease-related finance costs, dividend income, as well as unallocated corporate income, expenses, gains and losses are excluded from such measurement.

Segment assets exclude other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2025

	Smart grid solutions RMB'000	AI-integrated energy efficiency solutions RMB'000	Digital energy services RMB'000	Total RMB'000
Segment revenue (note 5):				
Sales to external customers	3,652,098	2,857,127	3,564,300	10,073,525
Intersegment sales	19,068	99,326	33	118,427
Total segment revenue	3,671,166	2,956,453	3,564,333	10,191,952
<i>Reconciliation:</i>				
Elimination of intersegment sales				(118,427)
				<u>10,073,525</u>
Segment results	598,693	658,817	521,239	1,778,749
<i>Reconciliation:</i>				
Elimination of intersegment results				37,884
Interest income				72,257
Dividend income and unallocated gains				17,242
Corporate and other unallocated expenses				(56,482)
Finance costs (other than interest on lease liabilities)				(104,795)
Profit before tax				<u>1,744,855</u>
Segment assets	5,827,378	5,794,146	5,770,231	17,391,755
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(28,032)
Corporate and other unallocated assets				219,189
Total assets				<u>17,582,912</u>
Segment liabilities	2,618,401	2,123,142	3,575,136	8,316,679
<i>Reconciliation:</i>				
Elimination of intersegment payables				(65,916)
Corporate and other unallocated liabilities				1,016,660
Total liabilities				<u>9,267,423</u>

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2025 (Continued)

	Smart grid solutions RMB'000	AI-integrated energy efficiency solutions RMB'000	Digital energy services RMB'000	Unallocated RMB'000	Total RMB'000
Other segment information:					
Share of profits of an associate	—	—	947	—	947
Impairment losses on financial assets and contract assets, net	13,293	53,551	(18,254)	—	48,590
Provision for inventories included in cost of inventories sold	4,864	7,889	859	—	13,612
Depreciation and amortisation	155,580	93,177	118,993	2,124	369,874
Investment in an associate	—	—	10,373	—	10,373
Capital expenditure*	193,796	174,598	262,975	—	631,369

* Capital expenditure consists of additions to property, plant and equipment, payment of deposits of acquisition of property, plant and equipment and other intangible assets.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2024

	Smart grid solutions RMB'000	AI-integrated energy efficiency solutions RMB'000	Digital energy services RMB'000	Total RMB'000
Segment revenue (note 5):				
Sales to external customers	3,198,759	2,614,796	2,902,986	8,716,541
Intersegment sales	20,690	119,693	15	140,398
Total segment revenue	3,219,449	2,734,489	2,903,001	8,856,939
<i>Reconciliation:</i>				
Elimination of intersegment sales				(140,398)
				8,716,541
Segment results	379,567	603,383	256,966	1,239,916
<i>Reconciliation:</i>				
Elimination of intersegment results				34,861
Interest income				93,767
Dividend income and unallocated gains				3,320
Corporate and other unallocated expenses				(39,426)
Finance costs (other than interest on lease liabilities)				(124,850)
Profit before tax				1,207,588
Segment assets	5,406,021	5,084,910	4,999,768	15,490,699
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(17,782)
Corporate and other unallocated assets				253,981
Total assets				15,726,898
Segment liabilities	2,703,879	1,594,946	3,311,982	7,610,807
<i>Reconciliation:</i>				
Elimination of intersegment payables				(113,694)
Corporate and other unallocated liabilities				908,857
Total liabilities				8,405,970

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2024 (Continued)

	Smart Grid Solutions RMB'000	AI-Integrated Energy Efficiency Solutions RMB'000	Digital Energy Services RMB'000	Unallocated RMB'000	Total RMB'000
Other segment information:					
Share of profits of an associate	—	—	275	—	275
Impairment losses on financial assets and contract assets, net	20,342	17,730	61,324	—	99,396
Provision for inventories included in cost of inventories sold	9,474	9,005	9,454	—	27,933
Depreciation and amortisation	147,912	65,969	98,666	3,210	315,757
Investment in an associate	—	—	9,426	—	9,426
Capital expenditure*	262,284	53,576	189,261	25,950	531,071

* Capital expenditure consists of additions to property, plant and equipment and other intangible assets.

Geographical information

(a) Revenue from external customers

	2025 RMB'000	2024 RMB'000
PRC	7,073,226	6,319,756
America	1,319,704	1,109,835
Asia, except for the PRC	1,163,723	570,061
Africa	444,109	684,622
Europe	55,084	29,923
Others	17,679	2,344
Total revenue	10,073,525	8,716,541

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information (Continued)

(b) Non-current assets

	2025 RMB'000	2024 RMB'000
PRC	3,164,768	3,009,496
America	275,441	214,933
Asia, except for the PRC	123,942	133,447
Africa	8,232	1,441
Europe	62,090	53,798
Others	4	3,115
Total non-current assets	3,634,477	3,416,230

The non-current asset information above excludes financial assets and deferred tax assets.

Information about a major customer

Revenue derived from sales of smart power meters to a customer which contributed over 10% of the consolidated revenue:

	2025 RMB'000	2024 RMB'000
Derived from the sales by the smart grid solutions segment: Customer A	1,084,826	N/A*

* Revenue from the customer did not exceed 10% of total revenue in 2024.

5. REVENUE, OTHER INCOME, GAINS AND LOSSES, NET

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers	10,073,525	8,716,541

5. REVENUE, OTHER INCOME, GAINS AND LOSSES, NET (CONTINUED)

Revenue from contracts with customers

Disaggregated revenue information

Year ended 31 December 2025

Segments	Smart grid solutions RMB'000	AI-integrated energy efficiency solutions RMB'000	Digital energy services RMB'000	Total RMB'000
Types of goods or services				
Sales of smart grid products	3,652,098	—	—	3,652,098
Sales of communication terminals and fluid metering intelligent products	—	2,857,127	—	2,857,127
Sales of data centers, smart distribution network, and new energy storage related	—	—	3,548,838	3,548,838
Integrated solutions services	—	—	15,462	15,462
Total	3,652,098	2,857,127	3,564,300	10,073,525
Geographic markets				
PRC	1,930,363	2,293,577	2,849,286	7,073,226
America	1,280,650	64	38,990	1,319,704
Asia, except for the PRC	163,979	344,547	655,197	1,163,723
Africa	226,885	217,167	57	444,109
Europe	49,012	1,772	4,300	55,084
Others	1,209	—	16,470	17,679
Total	3,652,098	2,857,127	3,564,300	10,073,525
Timing of revenue recognition				
Goods transferred at a point in time	3,652,098	2,857,127	3,548,838	10,058,063
Services rendered over time	—	—	15,462	15,462
Total	3,652,098	2,857,127	3,564,300	10,073,525

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

5. REVENUE, OTHER INCOME, GAINS AND LOSSES, NET (CONTINUED)

Revenue from contracts with customers (Continued)

Disaggregated revenue information (Continued)

Year ended 31 December 2024

Segments	Smart Grid Solutions RMB'000	AI-Integrated Energy Efficiency Solutions RMB'000	Digital Energy Services RMB'000	Total RMB'000
Types of goods or services				
Sales of smart grid products	3,198,759	—	—	3,198,759
Sales of communication terminals and fluid metering intelligent products	—	2,614,796	—	2,614,796
Sales of data centers, smart distribution network, and new energy storage related	—	—	2,834,047	2,834,047
Integrated solutions services	—	—	68,939	68,939
Total	3,198,759	2,614,796	2,902,986	8,716,541
Geographic markets				
PRC	1,559,803	2,194,162	2,565,791	6,319,756
America	1,091,620	—	18,215	1,109,835
Africa	432,501	251,683	438	684,622
Asia, except for the PRC	102,606	160,239	307,216	570,061
Europe	12,229	8,712	8,982	29,923
Others	—	—	2,344	2,344
Total	3,198,759	2,614,796	2,902,986	8,716,541
Timing of revenue recognition				
Goods transferred at a point in time	3,198,759	2,614,796	2,834,047	8,647,602
Services rendered over time	—	—	68,939	68,939
Total	3,198,759	2,614,796	2,902,986	8,716,541

5. REVENUE, OTHER INCOME, GAINS AND LOSSES, NET (CONTINUED)

Revenue from contracts with customers (Continued)

Disaggregated revenue information (Continued)

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 and recognised from performance obligations satisfied in previous periods:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of smart grid products	57,700	67,017
Sales of communication terminals and fluid metering intelligent products	33,291	35,724
Sales of data centers, smart distribution network, and new energy storage related products	68,305	54,023
Total	159,296	156,764

The Group sells smart grid products, communication terminals and fluid metering intelligent products and data centers, smart distribution network, and new energy storage related products directly to customers.

The revenue from the sale of the above said products is generally recognised when customer acceptance has been obtained, which is the point of time when the customer has the ability to direct the use of the products and obtain substantially all of the remaining benefits of the products.

Upon the signing of a sales contract, a deposit from the customer amounting to approximately 10% of the invoiced amount may be requested. Upon shipment and acceptance of products by the customers, the invoiced amount will be settled by the customer by instalments. There are no specific credit terms granted to customers, but the Group allows credit periods ranging from 90 days to 365 days to its customers. 10% of the invoiced amount is withheld by customers and will be released to the Group upon the satisfaction of a one to two years' retention period. During the retention period, the Group will provide assurance-type repair and maintenances and other related services.

On the receipt of a deposit, a contract liability is recognised. On the shipment and acceptance of a product by the customer, the Group recognises the sales and a receivable and a contract asset (for the withheld portion) are recognised. Upon the completion of the retention period, the contract asset will be transferred to trade receivables.

The directors of the Company assessed the existence of a significant financing component and considered that the amount is insignificant at contract level.

The Group provides system solution services to customers on a project basis including developing and installing the systems and products at the customer's premises. As the Group's products cannot function without installation and the installation cannot be completed by the customers or other entities, the Group's promise to install the products is highly interrelated with the Group's promise to deliver the products. Therefore, the Group recognises the promise to deliver and install the products as one single performance obligation. Revenue from system solution services is recognised over time for each stage specified in the service contract.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

5. REVENUE, OTHER INCOME, GAINS AND LOSSES, NET (CONTINUED)

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

The Group's contracts with customers are typically completed within one year. The Group elected to apply the practical expedient as the remaining performance obligation is part of a contract that has an original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

	2025 RMB'000	2024 RMB'000
Other income		
Bank interest income	42,624	45,005
Interest income from structured deposits	3,490	14,658
Interest income from loan receivables	5,251	6,011
Interest income from consideration receivable for disposal of a subsidiary	—	2,919
Interest income from other receivables	3,421	4,459
Interest income from financial assets at FVTPL	17,471	20,715
Dividend income from equity investments designated at FVTOCI	248	460
Refund of value-added tax*	77,172	70,406
Government grants#	40,418	37,997
Additional deduction of value-added tax	24,677	27,967
Gross rental income	2,986	4,593
Sales of scrap materials	14,448	1,264
Others	6,562	5,278
Total other income	238,768	241,732
Gains and losses, net		
Foreign exchange gains, net	9,242	414
Gain on disposal of items of property, plant and equipment, net	3,645	551
Fair value gain/(loss) on financial instruments at FVTPL	1,268	(6,505)
Customer penalty paid for delay of product delivery	(28,646)	(3,250)
Gain on disposal of subsidiaries	14,193	—
Total gains and losses, net	(298)	(8,790)
Total other income, gains and losses, net	238,470	232,942

* Pursuant to the relevant regulations in the PRC, certain subsidiaries of the Group operating in the PRC are entitled to refunds of a certain percentage of value-added tax ("VAT") on the sale of specified high technology products. The amount represents such VAT refund which is approved by the relevant tax authorities.

Government grants mainly comprise financial subsidies from the PRC government for the immediate rewards of the Group's contribution to the relevant research and development projects and the continuous technological advancements of the Group in its products. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold**		6,448,426	5,576,449
Cost of service rendered**		14,567	77,021
Depreciation of property, plant and equipment	13	165,732	128,163
Depreciation of investment properties	14	107	342
Depreciation of right-of-use assets	15(a)	27,296	15,528
Amortisation of other intangible assets (excluding the deferred expenditure amortised)*	17	25,461	20,724
Lease payments not included in the measurement of lease liabilities	15(c)	34,058	23,047
Research and development costs:			
Research and development expenses		745,796	695,722
Less: Capitalised development costs		(162,897)	(116,318)
		582,899	579,404
Amortisation of capitalised development costs	17	151,278	151,000
Total		734,177	730,404
Auditor's remuneration		4,860	4,927
Employee benefit expense (including directors' and chief executive's remuneration (note 8))			
Wages and salaries		1,083,520	993,061
Equity-settled share award expenses		36,685	36,082
Pension scheme contributions***		126,077	95,407
Total		1,246,282	1,124,550
Provision/(reversal of provision) of impairment losses, net:			
Trade receivables		48,079	110,093
Contract assets		1,082	(697)
Other receivables		(571)	(10,000)
Total		48,590	99,396
Fair value (gains)/losses, net:			
Derivative instruments — transactions not qualifying as hedges		696	4,853
Financial assets at FVTPL		(1,964)	1,652
		(1,268)	6,505
Gain on disposal of items of property, plant and equipment		(3,645)	(551)
Write-down of inventories to net realisable value**		13,612	27,933
Foreign exchange gains, net	5	(9,242)	(414)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

6. PROFIT BEFORE TAX (CONTINUED)

* Amortisation of other intangible assets (excluding capitalised development costs) for the year is included in "Selling expenses" and "Administrative expenses" in profit or loss.

** Included in "Cost of sales" in profit or loss.

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest on bank loans	104,795	124,850
Interest on lease liabilities	1,808	678
Total	106,603	125,528

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange ("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 RMB'000	2024 RMB'000
Fees	577	574
Other emoluments:		
Salaries, allowances and benefits in kind	6,295	6,272
Pension scheme contributions	195	184
Equity-settled share award expenses	1,905	1,616
Total	8,972	8,646

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

A director was granted share awards of the Company, in respect of their services to the Company, under the Share Award Scheme of the Company, further details of which are set out in note 36 to the financial statements. Certain directors were granted restricted share awards of a listed subsidiary, in respect of their services to the listed subsidiary, under the restricted share award scheme of the subsidiary, further details of which are set out in note 36 to the financial statements. The fair value of such restricted share awards, which has been recognised in 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.

No share option was granted to directors during the years ended 31 December 2025 and 2024.

(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. Luan Wenpeng	41	109
Mr. Chan Cheong Tat	357	356
Mr. Wang Yaonan (Resigned in May 2025)	110	109
Mr. Jiang Xinjian (Appointed in May 2025)	69	—
Total	577	574

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

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

(b) Executive directors and chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Equity- settled share award expenses RMB'000	Total remuneration RMB'000
2025					
Executive director and chief executive: Mr. Kat Chit	—	1,649	—	—	1,649
Executive directors:					
Mr. Ji Wei	—	549	—	—	549
Ms. Zheng Xiao Ping	—	573	—	—	573
Mr. Tian Zhongping	—	1,005	69	1,389	2,463
Ms. Li Hong	—	1,594	87	516	2,197
Non-executive director: Ms. Cao Zhao Hui	—	925	39	—	964
Total	—	6,295	195	1,905	8,395
2024					
Executive director and chief executive: Mr. Kat Chit	—	1,641	—	—	1,641
Executive directors:					
Mr. Ji Wei	—	547	—	—	547
Ms. Zheng Xiao Ping	—	572	—	—	572
Mr. Tian Zhongping	—	1,003	66	1,229	2,298
Ms. Li Hong	—	1,585	82	387	2,054
Non-executive director: Ms. Cao Zhao Hui	—	924	36	—	960
Total	—	6,272	184	1,616	8,072

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

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group included four (2024: four) directors of the Company. Details of the remuneration for the year of the remaining one (2024: one) highest paid employee who is a non-director of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	1,621	1,613
Pension scheme contributions	16	16
Equity-settled share award expenses	417	205
Total	2,054	1,834

The remuneration of the non-director highest paid employee fell within the following band:

	Number of employees	
	2025	2024
HK\$1,500,001 to HK\$2,000,000	—	1
HK\$2,000,001 to HK\$2,500,000	1	—

No share options were granted to the non-director and non-chief executive highest paid employee in respect of his services to the Group during the years ended 31 December 2025 and 2024.

Under the share award scheme of the Company, 60,000 (2024: 50,000) shares were distributed to the non-director and non-chief executive highest paid employee in respect of his services to the Group during the year ended 31 December 2025.

During both years, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

10. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not earn any income that was subject to Hong Kong profits tax during each of the years ended 31 December 2025 and 2024.

Tax on profits assessable in the PRC has been calculated at the applicable PRC corporate income tax ("CIT") rate of 25% (2024: 25%), except that certain PRC subsidiaries which are approved as enterprises that satisfied the condition as high technology development enterprises and obtained the Certificate of High New Technology Enterprise can continue to enjoy the preferential tax rate of 15% for three consecutive years from years 2023 to 2026 or years 2024 to 2027 or years 2025 to 2028.

In addition, according to relevant laws and regulations promulgated by the State Administration of Tax of the PRC, certain of the subsidiaries established in the PRC engaging in research and development activities are entitled to claim 100% of their qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the year.

Macau Complementary Tax has been provided at the rate of 12% (2024: 12%) on the assessable profits arising in Macau during the year.

Mexico Federal Corporate Income Tax has been provided at the rate of 30% (2024: 30%) on the assessable profits arising in Mexico during the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2025 RMB'000	2024 RMB'000
Current — PRC		
Charge for the year	220,977	164,171
(Overprovision)/underprovision in prior years	(5,944)	4,673
Current — Elsewhere		
Charge for the year	38,672	27,572
Underprovision in prior years	2	2
	253,707	196,418
Deferred tax (note 34)	10,044	(18,992)
Total tax charge for the year	263,751	177,426

10. INCOME TAX (CONTINUED)

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions where the operations of the Group are substantially based to the tax expense at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	1,744,855	1,207,588
Tax at the statutory tax rate at 25%	436,214	301,897
Expenses not deductible for tax	85,540	51,058
Income not subject to tax	(487)	(5,874)
Lower tax rate enacted by local authority	(14,276)	(15,698)
Tax concessions/exemption granted to PRC and Macau subsidiaries	(145,769)	(119,140)
Additional tax deduction on research and development expenses of PRC subsidiaries	(102,926)	(79,401)
Tax losses not recognised	6,942	25,396
Tax losses utilised from previous periods	(14,981)	(1,887)
Adjustments in respect of current tax of previous periods	(5,942)	4,675
Profits attributable to an associate	(237)	(69)
Withholding tax on the PRC subsidiary's dividend income	19,673	16,469
Tax charge	263,751	177,426

The share of tax attributable to an associate amounting to RMB448,000 (2024: RMB25,000) is included in "Share of profits of an associate" in the profit or loss.

The Company and its subsidiaries are within the scope of the Pillar Two Model Rules as introduced by the Organisation for Economic Co-operation and Development's ("OECD's") Inclusive Framework on Base Erosion and Profit Shifting ("BEPS") or implemented through domestic legislation in participating jurisdictions. The top-up tax applies where the effective tax rate ("ETR") of a jurisdiction falls below the minimum rate of 15%. The Company has applied the mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, as required by the amendments to HKAS 12.

For the year ended 31 December 2025, the Group has performed an independent assessment of its potential exposure to Pillar Two top-up taxes. Based on this assessment, most of the jurisdictions passed the Transitional Country-by-Country Reporting Safe Harbour ("TCSH") assessment, except for China, Mexico, Macau and Tanzania. For these jurisdictions that did not pass the TCSH assessment, the expected exposure to Pillar Two top-up taxes are immaterial to the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

11. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Final — HK38 cents per ordinary share for 2024 (2024: HK28 cents per ordinary share for 2023)	346,684	254,252

A final dividend of HK48 cents (2024: HK38 cents) per share amounting to approximately HK\$478,022,000 (equivalent to RMB420,468,000) (2024: HK\$378,434,000 (equivalent to RMB346,684,000)) in respect of the year ended 31 December 2025 has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares, excluding a pool of shares maintained by a trustee as disclosed in note 36 to the financial statements, of 990,227,401 (2024: 988,217,324) outstanding during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted for changes in the Group's share of results of a non-wholly-owned subsidiary that was attributable to the increase in the number of ordinary shares of the subsidiary as a result of the restricted share award granted by the subsidiary. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

	2025 RMB'000	2024 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	1,058,246	705,612
Effect of dilutive potential ordinary shares arising from adjustment to the share of profit of a subsidiary based on dilution of its earnings per share	(563)	(585)
Profit attributable to owners of the parent, used in the diluted earnings per share calculation	1,057,683	705,027

	2025 Number of shares	2024 Number of shares
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	990,227,401	988,217,324
Effect of dilutive potential ordinary shares arising from share awarded	2,022,962	1,915,443
Weighted average number of ordinary shares outstanding during the year used in the diluted earnings per share calculation	992,250,363	990,132,767

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT

	Owned buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2025							
At 1 January 2025:							
Cost	1,894,603	122,420	703,667	134,190	37,180	35,407	2,927,467
Accumulated depreciation	(289,456)	(81,139)	(352,161)	(104,052)	(24,114)	—	(850,922)
Net carrying amount	1,605,147	41,281	351,506	30,138	13,066	35,407	2,076,545
At 31 December 2024 and 1 January 2025, net of accumulated depreciation	1,605,147	41,281	351,506	30,138	13,066	35,407	2,076,545
Additions	114,017	29,049	106,253	29,643	3,669	57,244	339,875
Transfer	607	29,502	—	—	—	(30,109)	—
Transfer from deposits (note 27)	—	—	95,183	1,657	1,760	—	98,600
Disposals/write-off	—	(122)	(25,867)	(2,423)	63	—	(28,349)
Disposal of subsidiaries (note 38)	—	(4,379)	(978)	(984)	—	(10,445)	(16,786)
Depreciation provided during the year	(44,396)	(28,474)	(73,470)	(16,862)	(2,530)	—	(165,732)
Exchange realignment	17,193	445	7,213	322	19	3,788	28,980
At 31 December 2025, net of accumulated depreciation	1,692,568	67,302	459,840	41,491	16,047	55,885	2,333,133
At 31 December 2025:							
Cost	2,027,052	177,675	870,871	161,260	40,173	55,885	3,332,916
Accumulated depreciation	(334,484)	(110,373)	(411,031)	(119,769)	(24,126)	—	(999,783)
Net carrying amount	1,692,568	67,302	459,840	41,491	16,047	55,885	2,333,133

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Owned buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024							
At 1 January 2024:							
Cost	1,560,602	95,099	633,257	121,434	36,115	171,413	2,617,920
Accumulated depreciation	(254,965)	(56,977)	(314,048)	(92,677)	(21,140)	—	(739,807)
Net carrying amount	1,305,637	38,122	319,209	28,757	14,975	171,413	1,878,113
At 31 December 2023 and 1 January 2024, net of accumulated depreciation							
	1,305,637	38,122	319,209	28,757	14,975	171,413	1,878,113
Additions	167,100	29,866	84,089	13,825	1,295	40,768	336,943
Transfer	173,247	—	—	—	—	(173,247)	—
Transfer from investment properties (note 14)	10,217	—	—	—	—	—	10,217
Transfer from deposits (note 27)	—	—	20,203	2,732	40	—	22,975
Disposals/write-off	(1,794)	—	(5,606)	(1,227)	(13)	—	(8,640)
Depreciation provided during the year	(32,135)	(25,916)	(53,818)	(13,083)	(3,211)	—	(128,163)
Exchange realignment	(17,125)	(791)	(12,571)	(866)	(20)	(3,527)	(34,900)
At 31 December 2024, net of accumulated depreciation	1,605,147	41,281	351,506	30,138	13,066	35,407	2,076,545
At 31 December 2024:							
Cost	1,894,603	122,420	703,667	134,190	37,180	35,407	2,927,467
Accumulated depreciation	(289,456)	(81,139)	(352,161)	(104,052)	(24,114)	—	(850,922)
Net carrying amount	1,605,147	41,281	351,506	30,138	13,066	35,407	2,076,545

At 31 December 2025, the Group's owned buildings with a carrying amount of RMB576,783,000 (2024: RMB569,999,000) were pledged as security for the Group's bank loans, as further detailed in note 33 to the financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

14. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
At 1 January:		
Cost	5,923	18,976
Accumulated depreciation	(1,463)	(3,957)
Net carrying amount	4,460	15,019
At 1 January	4,460	15,019
Transfer (to)/from property, plant and equipment (note 13)	—	(10,217)
Depreciation provided during the year	(107)	(342)
At 31 December, net of accumulated depreciation	4,353	4,460
At 31 December:		
Cost	5,923	5,923
Accumulated depreciation	(1,570)	(1,463)
Net carrying amount	4,353	4,460

The Group's investment properties consist of 1 (2024: 1) commercial space in the PRC. The fair value of the Group's investment properties at 31 December 2025 was RMB6,468,000 (2024: RMB6,444,000), based on valuations performed by Hunan Pengcheng Asset Real Estate Appraisal Co., Ltd., independent professionally qualified valuers.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 15 to the financial statements.

14. INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2025 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for: Investment properties	—	—	6,468	6,468

	Fair value measurement as at 31 December 2024 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for: Investment properties	—	—	6,444	6,444

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2024: Nil).

Set out below is a summary of the valuation technique used and the key input to the valuation of investment properties:

	Valuation technique	Significant unobservable input	Range or weighted average	
			2025	2024
Investment properties	Direct comparison approach	Prevailing market price (per sq. m.)	RMB4,915	RMB4,897

Direct comparison approach

The fair value of investment properties is generally derived using the direct comparison method.

The valuation was arrived at by adopting the direct comparison approach with reference to the recent transactions of similar properties under the prevailing property market conditions. A significant increase (decrease) in the prevailing market price in isolation would result in a significant increase (decrease) in the fair value of the investment properties.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of properties generally have lease terms between 1 year and 11 years (2024: 1 year and 11 years). Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside of 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	Leased properties RMB'000	Total RMB'000
As at 1 January 2024	175,177	8,661	183,838
Additions	—	37,132	37,132
Depreciation provided for the year	(4,942)	(10,586)	(15,528)
Exchange realignment	(1,347)	(286)	(1,633)
As at 31 December 2024 and 1 January 2025	168,888	34,921	203,809
Additions	—	29,056	29,056
Depreciation provided for the year	(4,744)	(22,552)	(27,296)
Termination of leases	—	(20,797)	(20,797)
Exchange realignment	988	979	1,967
As at 31 December 2025	165,132	21,607	186,739

At 31 December 2025, the Group's leasehold land with a carrying amount of RMB41,885,000 (2024: RMB43,086,000) were pledged as security for the Group's bank facilities, as further detailed in note 33 to the financial statements.

15. LEASES (CONTINUED)

The Group as a lessee

(b) Lease liabilities

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

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	35,236	9,016
New leases	29,056	37,132
Accretion of interest recognised during the year	1,808	678
Payments	(23,916)	(11,160)
Termination of leases	(21,209)	—
Exchange realignment	1,098	(430)
Carrying amount at 31 December	22,073	35,236

	2025 RMB'000	2024 RMB'000
Analysed into:		
Current portion	9,257	15,721
Non-current portion	12,816	19,515
Carrying amount at 31 December	22,073	35,236

The maturity analysis of lease liabilities is disclosed in note 45 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	1,808	678
Depreciation charge of right-of-use assets	27,296	15,528
Gain on termination of leases	412	—
Expense relating to short-term leases (included in administrative expense)	34,058	23,047
Total amount recognised in profit or loss	63,574	39,253

(d) The total cash outflow for leases is disclosed in note 39(b) to the financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

15. LEASES (CONTINUED)

The Group as a lessor

The Group leases its investment properties (note 14) consisting of 1 (2024: 1) commercial space in the PRC under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits. Rental income recognised by the Group during the year was RMB2,986,000 (2024: RMB4,593,000), details of which are included in note 5 to the financial statements.

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	150	—

16. GOODWILL

	2025 RMB'000	2024 RMB'000
At 1 January and 31 December:		
Cost	345,989	345,989
Accumulated impairment	(15,353)	(15,353)
Net carrying amount	330,636	330,636

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units ("CGU") for impairment testing:

- Smart grid solutions CGU;
- AI-integrated energy efficiency solutions CGU; and
- Digital energy services CGU

16. GOODWILL (CONTINUED)

Impairment testing of goodwill (Continued)

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	2025 RMB'000	2024 RMB'000
Smart grid solutions CGU	217,601	217,601
AI-integrated energy efficiency solutions CGU	53,495	53,495
Digital energy services CGU	59,540	59,540
Total	330,636	330,636

The basis of the value-in-use calculations of the above CGUs or group of CGUs containing goodwill and their major underlying assumptions are summarised below:

	Smart grid solutions CGU	AI-integrated energy efficiency solutions CGU	Digital energy services CGU
Terminal growth rates			
2025	2.0%	2.0%	2.0%
2024	2.0%	2.0%	2.0%
Pre-tax discount rates			
2025	12.4%	12.5%	13.1%
2024	12.3%	12.8%	11.8%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

16. GOODWILL (CONTINUED)

Impairment testing of goodwill (Continued)

Assumptions were used in the cash flow projections of the CGUs for 31 December 2025 and 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant units.

Growth rates — The growth rates are determined with reference to the growth rate for the relevant units, adjusted for relevant businesses and market development, and economic conditions.

The values assigned to the key assumptions on market development of the respective industries, budgeted gross margins, discount rates and growth rates are consistent with external information sources.

17. OTHER INTANGIBLE ASSETS

	Development costs* RMB'000	Patents, copyrights, trademarks, and software systems RMB'000	Technology know-how RMB'000	Customer relationship and contracts RMB'000	Total RMB'000
31 December 2025					
At 1 January 2025:					
Cost	1,724,889	195,979	126,025	64,818	2,111,711
Accumulated amortisation	(1,307,887)	(112,521)	(116,044)	(63,681)	(1,600,133)
Net carrying amount	417,002	83,458	9,981	1,137	511,578
Cost at 1 January 2025, net of accumulated amortisation	417,002	83,458	9,981	1,137	511,578
Additions	162,897	21,492	—	—	184,389
Exchange realignment	—	31	—	—	31
Amortisation provided during the year	(151,278)	(18,915)	(6,546)	—	(176,739)
Net carrying amount	428,621	86,066	3,435	1,137	519,259
At 31 December 2025:					
Cost	1,864,043	217,509	126,025	64,818	2,272,395
Accumulated amortisation	(1,435,422)	(131,443)	(122,590)	(63,681)	(1,753,136)
Net carrying amount	428,621	86,066	3,435	1,137	519,259
31 December 2024					
At 1 January 2024:					
Cost	1,608,571	152,823	126,025	64,818	1,952,237
Accumulated amortisation	(1,156,887)	(99,130)	(109,498)	(62,896)	(1,428,411)
Net carrying amount	451,684	53,693	16,527	1,922	523,826
Cost at 1 January 2024, net of accumulated amortisation	451,684	53,693	16,527	1,922	523,826
Additions	116,318	43,172	—	—	159,490
Exchange realignment	—	(14)	—	—	(14)
Amortisation provided during the year	(151,000)	(13,393)	(6,546)	(785)	(171,724)
Net carrying amount	417,002	83,458	9,981	1,137	511,578
At 31 December 2024:					
Cost	1,724,889	195,979	126,025	64,818	2,111,711
Accumulated amortisation	(1,307,887)	(112,521)	(116,044)	(63,681)	(1,600,133)
Net carrying amount	417,002	83,458	9,981	1,137	511,578

* Development costs represent expenses capitalised during the development phase of internal projects for the development of new technology and new products expected to generate future economic benefits through transfer of goods to customers.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

18. INVESTMENT IN A JOINT VENTURE

	2025 RMB'000	2024 RMB'000
Cost of investment	24,000	24,000
Cumulative share of post-acquisition losses and other comprehensive expenses	(24,000)	(24,000)
Total	—	—

Particulars of the Group's joint venture are as follows:

Name	Particular of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Smart Metering Solution (Changsha) Co., Ltd. ("Smart Metering")	Ordinary shares	The PRC/ Chinese mainland	51	Research, development, manufacturing, and selling meter products, meter data management systems, smart meter solution systems and the provision of related consulting services

The Group's shareholding in the joint venture is held through a wholly-owned subsidiary of the Company.

According to the Memorandum of Association of Smart Metering, unanimous consent from all directors is required for major business operating and financing decisions. The directors of the Company consider that no control is obtained and the investment in Smart Metering was classified as an investment in a joint venture.

The investment in a joint venture is accounted for using the equity method in these consolidated financial statements.

The Group has discontinued the recognition of its share of losses of the joint venture because the share of losses of the joint venture exceeded the Group's interest in the joint venture and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of profit of this joint venture for the current year and unrecognised share of profit cumulatively were RMB4,130,000 (2024: RMB3,411,000) and RMB1,134,000 (2024: loss of RMB2,996,000), respectively.

19. INVESTMENT IN AN ASSOCIATE

	2025 RMB'000	2024 RMB'000
Cost of investment	5,160	5,160
Gain on bargain purchase	3,123	3,123
	8,283	8,283
Share of post-acquisition profits	2,090	1,143
	10,373	9,426

Particulars of the Group's associate are as follows:

Name	Particular of issued shares held	Place of registration and business	Effective interest attributable to the Group	Principal activity
Xiang Tan Wei Tai Photovoltaic Power Generation Co., Ltd. ("Wei Tai")	Ordinary shares	The PRC/ Chinese mainland	20.4%	Manufacture of solar power plants

The Group's shareholding in Wei Tai is held through a non-wholly-owned subsidiary of the Group, and the percentage of the Company's voting power held and profit sharing entitlement in relation to Wei Tai is approximately 30%.

The following table illustrates the aggregate financial information of the Group's associate that is not individually material:

	2025 RMB'000	2024 RMB'000
Share of the associate's profit for the year	947	275
Share of the associate's total comprehensive income	947	275
Carrying amount of the Group's investment in the associate	10,373	9,426

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

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

	Notes	2025 RMB'000	2024 RMB'000
Equity investments designated at FVTOCI			
Equity investments listed in Hong Kong, at fair value		935	21,294
Equity investments listed in the PRC, at fair value		306	459
Unlisted equity investment — A, at fair value	(i)	47,851	41,876
Unlisted equity investment — B, at fair value	(ii)	11,115	8,773
Unlisted equity investment — C, at fair value	(iii)	9,800	9,820
Unlisted equity investment — D, at fair value	(iv)	779	—
Total		70,786	82,222

Notes:

- (i) The unlisted equity investment A is 17.42% of equity interest in a private company established in the PRC, which is mainly engaged in the development and manufacture of smart meters and new technology utility products.
- (ii) The unlisted equity investment B is 3.00% of equity interest in a private company established in the PRC, which is mainly engaged in the development of solar energy plants.
- (iii) The unlisted equity investment C is 7.88% of equity interest in a private company established in the PRC, which is mainly engaged in the provision of solutions for waste lead and lithium batteries and new energy recycling materials in the fields of new materials and energy.
- (iv) In January 2025, the Group and other independent third parties established a research and development center in the PRC, which is mainly engaged in the development and manufacturing different power generation, such as wind power generation, solar power generation, and energy storage technical services. Pursuant to the agreement, the Group committed to an aggregate investment of RMB800,000, which represented 4.49% of the center. During the year ended 31 December 2025, the aggregate cash consideration paid by the Group amounted to RMB400,000 and the remaining balance of RMB400,000 was recorded on other payables.

The above equity investments were irrevocably designated as investments at FVTOCI as the Group considers these investments to be strategic in nature.

During the year ended 31 December 2025, the Group received dividends in the amount of RMB248,000 (2024: RMB460,000) from certain of its equity investments.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2025 RMB'000	2024 RMB'000
Unlisted investments in a trust fund, at fair value	(i)	200,000	200,000
Unlisted preference shares, at fair value	(ii)	10,261	8,076
Unlisted fund investments, at fair value	(iii)	32,200	24,421
Total		242,461	232,497

They are mandatorily classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

Notes:

- (i) Amounts represent investments in trust funds made by the Group through a financial institution. The trust funds invest in ranges of debt instrument products which are generally government bonds and corporate loans. The trust fund investments of RMB200,000,000 will expire in April 2027.
- (ii) Amounts represent preference shares issued by a private entity in PRC, and the Group has preferential right to subscribe any future shares allotted to maintain its shareholding percentage or dispose of the shares at the same proportion as that of the other shareholders if any of such shareholders propose to dispose of its shares.
- (iii) On 25 November 2022, the Group invested in a private limited partnership ("private fund") in the PRC. Pursuant to the agreement, the Group committed to an aggregate investment of RMB80,000,000. On 6 November 2025, the Group further invested in the private fund with cash consideration of RMB8,000,000, and thus, the Group had paid a total of RMB32,000,000 as investment costs as at 31 December 2025, which represented 19.07% (2024: 19.03%) of the private fund.

22. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	235,984	324,995
Work in progress	306,957	322,700
Finished goods	894,947	616,398
Total	1,437,888	1,264,093

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

23. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	7,449,388	6,052,550
Bills receivable	75,956	179,869
	7,525,344	6,232,419
Less: Impairment loss on trade receivables	(413,340)	(411,403)
Net carrying amount	7,112,004	5,821,016

Due to the nature of the Group's business, the settlement terms of trade receivables are based on the achievement of certain milestones of each sales transaction. There were no specific credit terms granted to customers, but the Group allows credit periods ranging from 90 days to 365 days to its customers, except for certain customers, where the credit periods may be beyond 365 days.

Included in the Group's trade receivables is an amount due from the Group's joint venture of RMB47,050,000 (2024: RMB30,299,000), which is repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the revenue recognition date and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
0–90 days	3,519,175	2,827,374
91–180 days	1,633,040	1,284,054
181–365 days	1,296,382	1,097,616
1–2 years	515,277	483,380
Over 2 years	148,130	128,592
Total	7,112,004	5,821,016

Details related to ECLs are set out in note 45 to the financial statements.

24. CONTRACT ASSETS

	2025 RMB'000	2024 RMB'000
Contract assets	428,885	391,339
Less: Impairment loss on contract assets	(3,926)	(2,844)
Net carrying amount	424,959	388,495

The contract assets primarily relate to the Group's right to consideration for goods delivered and not billed for the sales contracts because the rights are conditional on the completion of the retention period. The contract assets are transferred to trade receivables when the rights become unconditional. The balance will be settled in accordance with the terms of the respective contracts. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to actual completion, the expiry of the defect liability period or a pre-agreed time period.

Details related to ECLs are set out in note 45 to the financial statements.

25. LOAN RECEIVABLE

	2025 RMB'000	2024 RMB'000
Loan receivable	84,500	85,000

The amounts represent loans advanced by the Group to independent third party under entrusted loan contracts. These loans carry fixed interest at 6% (2024: 6%) per annum and the amounts are repayable in August 2030 (2024: August 2025).

As at 31 December 2025, the Group's loan receivable amounting to RMB84,500,000 (2024: RMB85,000,000) were guaranteed by an independent third party and secured by a property.

Management has performed credit risk assessment by performing a background search on the borrowers. Details related to ECLs are set out in note 45 to the financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

26. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	2025 RMB'000	2024 RMB'000
Life insurance products	(i)	69,004	68,097
Prepayment for purchase of property, plant and equipment		188,738	188,738
Non-current portion		257,742	256,835
Purchase prepayments	(ii)	432,270	369,823
Bidding deposits		33,447	20,464
Advance to staff	(iii)	61,021	97,173
Other prepayments		9,719	16,060
Other receivables		90,146	79,673
Consideration receivable for the disposal of subsidiaries	(iv)	46,000	—
Loan receivable from a joint venture	(v)	8,670	13,770
VAT recoverable		230,619	263,652
Current portion		911,892	860,615
Total		1,169,634	1,117,450

Notes:

- (i) In prior years, the Company entered into three life insurance policies with an insurance company to insure three executive directors. Under these policies, the beneficiary and policy holder are the Company. The Company is required to pay an upfront payment for each policy. The Company may request a partial surrender or full surrender of the policy at any time and receive cash back based on the value of the policy at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated guaranteed interest earned and minus insurance premium charged. If such withdrawal is made at any time during the first to the fifteenth or eighteenth policy years, as appropriate, a pre-determined specified surrender charge would be imposed on the Company. The carrying value of the life insurance products represented the cash surrender value of the insurance contracts.

Particulars of the policies are as follows:

Policy	Insured sum	Upfront payment	Guaranteed interest rates	
			First year	Second year and onwards
Policy A	US\$7,557,000	US\$3,421,000	4.25% per annum	3% per annum
Policy B	US\$10,000,000	US\$1,771,000	4% per annum	2% per annum
Policy C	US\$13,741,418	US\$3,229,513	4.25% per annum	2% per annum

26. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

Notes: (Continued)

- (ii) During the year ended 31 December 2025, the Group entered into purchase contracts with certain suppliers in order to secure material supply. The purchase prepayments will be utilised within one year from the end of the reporting period.
- (iii) The amounts represent loans provided to staff by the Group. They are unsecured, non-guaranteed and repayable on demand, of which amount of RMB50,193,000 (2024: RMB90,393,000) carries a fixed interest at 3.4% per annum and the remaining amount of RMB10,828,000 (2024: RMB6,780,000) is interest-free.
- (iv) The amount represented the cash consideration receivable for the disposal of subsidiaries and received on 3 March 2026 subsequently (note 38).
- (v) The amount represents an unsecured, non-guaranteed short-term loan to a joint venture which carries a fixed interest at 3% (2024: 4.35%) per annum and repayable in 2026 (2024: August 2025).

Details related to ECLs are set out in note 45 to the financial statements.

27. DEPOSITS OF ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	2025 RMB'000	2024 RMB'000
Opening balance at beginning of the year	91,038	80,066
Additions	106,872	34,638
Transfer to property, plant and equipment	(98,600)	(22,975)
Disposal (note 38)	(41,148)	—
Exchange	3,084	(691)
Closing balance of the year	61,246	91,038

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

28. STRUCTURED DEPOSITS

Structured deposits were stated at fair value and represented several deposits placed with banks. The structured deposits were mandatorily classified as financial assets at fair value through profit or loss. As at 31 December 2025, the Group had no investment in structured deposits (2024: RMB50,000,000) and total interest income of approximately RMB3,490,000 (2024: RMB14,658,000) was recognised by the Group during the year.

The fair value was based on the market values provided by financial institutions at the end of the reporting period.

29. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	Note	2025 RMB'000	2024 RMB'000
Cash and bank balances		3,007,074	2,939,847
Time deposits		425,000	365,000
Subtotal		3,432,074	3,304,847
Less: Pledged for bank facilities	33(b)	(416,832)	(514,547)
Total		3,015,242	2,790,300

At the end of the reporting period, the cash and bank balances and pledged deposits of the Group denominated in RMB amounted to RMB2,724,927,000 (2024: RMB2,998,355,000). The RMB is not freely convertible into other currencies, however, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, 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. Short term time deposits were made for varying periods of between one day and a year depending on the immediate cash requirements of the Group, and earned interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

30. TRADE AND BILLS PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	3,964,346	3,403,289
Bills payable	1,987,648	1,678,383
Total	5,951,994	5,081,672

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
0–90 days	3,516,589	3,052,922
91–180 days	1,507,558	1,380,301
181–365 days	702,632	442,954
Over 1 year	225,215	205,495
Total	5,951,994	5,081,672

The trade payables are non-interest-bearing and are normally settled within terms of 90 days. For some suppliers with long business relationship, a credit term of 181 to 365 days is granted.

Included in the Group's trade payables is an amount due to the Group's joint venture of RMB4,258,000 (2024: RMB5,684,000) which is repayable on credit terms similar to those offered by the major suppliers of the Group.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

31. OTHER PAYABLES AND ACCRUALS

	Notes	2025 RMB'000	2024 RMB'000
Accruals		211,537	153,042
Deferred income	(a)	52,821	43,720
Other payables	(b)	191,403	103,881
Restricted stock repurchase obligation		46,608	77,680
Contract liabilities	(c)	121,297	159,296
		623,666	537,619
Less: non-current portion			
Deferred income		(27,448)	(24,257)
		596,218	513,362

Notes:

- (a) During the year, the Group received subsidies of RMB19,366,000 from local authorities for multiple research and development projects. These grants are held as deferred income and recognised to profit or loss on a systematic basis to match schedule of relevant projects for period ranging from one to three years. During the year ended 31 December 2025, subsidies of RMB10,265,000 (2024: RMB15,034,000) had been recognised and included in government grants of "Other income, gains and losses, net" in profit or loss.
- (b) Other payables are non-interest-bearing and have an average term of three months.
- (c) Details of contract liabilities are as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000	1 January 2024 RMB'000
<i>Short-term advances received from customers</i>			
Sale of goods	121,297	159,296	156,764

Contract liabilities include short-term advances received from customers to deliver metering products. The decrease in contract liabilities in 2025 was mainly due to the decrease in short-term advances received from customers in relation to the sale of smart grid products at the end of the year.

32. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss comprise:

	2025 RMB'000	2024 RMB'000
Forward currency contracts (note)	—	14,580

Note: As at 31 December 2025, the Group had entered into forward currency contracts, which are not designated for hedge purposes and are measured at fair value through profit or loss. There was a loss in the fair values of non-hedging currency derivatives of RMB696,000 (2024: RMB4,853,000) charged to profit or loss during the year.

33. INTEREST-BEARING BANK BORROWINGS

	2025			2024		
	Effective interest rate	Maturity	RMB'000	Effective interest rate	Maturity	RMB'000
<i>Floating interest rate</i>						
Bank loans — unsecured	1.23%–9.40%	2026–2028	1,939,434	2.00%–12.12%	2025–2028	2,206,395
Bank loans — secured	2.25%–3.00%	2026	216,167	2.95%–5.33%	2025	217,420
Subtotal			2,155,601			2,423,815
<i>Fixed interest rate</i>						
Bank loans — unsecured	2.25%–3.00%	2026	291,300	2.50%–3.45%	2025	105,300
Bank loans — secured	2.60%	2026	35,000	NA	NA	—
Trust receipt loans — unsecured	1.70%	2026	5,000	1.00%–1.65%	2025	58,081
Subtotal			331,300			163,381
Total			2,486,901			2,587,196

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

33. INTEREST-BEARING BANK BORROWINGS (CONTINUED)

The maturity of the above bank borrowings is as follows:

	2025 RMB'000	2024 RMB'000
Analysed into:		
Within one year	1,400,820	1,615,723
In the second year	572,439	762,450
In the third to fifth years, inclusive	513,642	209,023
Total	2,486,901	2,587,196

Notes:

- (a) As at 31 December 2025, bank borrowings of RMB1,240,032,500 were denominated in HK\$ at the Hong Kong Interbank Offered Rates ("HIBOR") plus 0.5% to 2.4%, bank borrowings of RMB101,374,000 were denominated in Mexican peso ("MXN") at the Interbank Equilibrium Interest Rate ("TIIE Rates") plus 1.9% and bank borrowing of RMB1,140,494,097 were denominated in RMB with fixed interest rates ranging from 2.5% to 3.0% or floating rate at the Loan Prime Rate ("LPR") minus 0.15% to 0.88%.

As at 31 December 2024, bank borrowings of RMB1,166,696,000 were denominated in HK\$ at the Hong Kong Interbank Offered Rates ("HIBOR") plus 0.85% to 2.4%, bank borrowings of RMB27,984,000 were denominated in Mexican peso ("MXN") at the Interbank Equilibrium Interest Rate ("TIIE Rates") plus 1.9% and bank borrowing of RMB1,392,516,000 were denominated in RMB with fixed interest rates ranging from 2.5% to 3.45% or floating rate at the Loan Prime Rate ("LPR") minus 0.1% to 0.57%.

- (b) The Group's bank facilities are secured by charges over certain assets of the Group as follows:

	Notes	2025 RMB'000	2024 RMB'000
Property, plant and equipment	13	576,783	569,999
Leasehold land	15	41,885	43,086
Pledged deposits	29	416,832	514,547
Total		1,035,500	1,127,632

34. DEFERRED TAX

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

	Fair value adjustments of right-of-use assets, property, plant and equipment and intangible assets arising on business combination RMB'000	Equity-settled share-based arrangements RMB'000	Withholding taxes RMB'000	Fair value adjustments of equity instruments at FVTOCI RMB'000	ECL provision RMB'000	Unrealised profit on inventories RMB'000	Total RMB'000
At 31 December 2023 and 1 January 2024	(8,888)	—	(5,048)	5,396	56,493	34,763	82,716
Deferred tax (debited)/credited to profit or loss during the year (note 10)	750	3,318	(16,469)	—	21,406	9,987	18,992
Deferred tax debited to other comprehensive income	—	—	—	(1,994)	—	—	(1,994)
Deferred tax credited to equity	—	2,081	—	—	—	—	2,081
Reversal upon payment of withholding tax	—	—	13,119	—	—	—	13,119
At 31 December 2024 and 1 January 2025	(8,138)	5,399	(8,398)	3,402	77,899	44,750	114,914
Deferred tax (debited)/credited to profit or loss during the year (note 10)	878	(1,931)	(19,673)	—	8,494	2,188	(10,044)
Deferred tax debited to other comprehensive income	—	—	—	(2,132)	—	—	(2,132)
Deferred tax debited to equity	—	(1,008)	—	—	—	—	(1,008)
Reversal upon payment of withholding tax	—	—	15,451	—	—	—	15,451
At 31 December 2025	(7,260)	2,460	(12,620)	1,270	86,393	46,938	117,181

Deferred tax assets and liabilities have not been offset for the purpose of presentation in the consolidated statement of financial position as they are not levied to the same taxable entity by the same tax authority. The following is the analysis of the deferred taxation balances for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Deferred tax assets	162,867	153,786
Deferred tax liabilities	(45,686)	(38,872)
	117,181	114,914

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

34. DEFERRED TAX (CONTINUED)

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese mainland in respect of earnings generated from 1 January 2008. The applicable rate is 10% for the Group.

At 31 December 2025, deferred tax of RMB12,620,000 (2024: RMB8,398,000) has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese mainland (note 10). Except for this, the aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB7,150,610,000 at 31 December 2025 (2024: RMB5,991,348,000), because it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

The Group has tax losses arising in Chinese mainland of RMB178,894,000 (2024: RMB184,820,000) that will expire in one to ten years for offsetting against future taxable profits and tax losses arising in Brazil of RMB138,112,000 (2024: RMB127,407,000) that may be carried forward indefinitely. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be recognised.

There are no income tax consequences attaching to the payment of dividend by the Company to its shareholders.

35. SHARE CAPITAL

	2025 HK\$'000	2024 HK\$'000
Authorised: 100,000,000,000 ordinary shares of HK\$0.01 each	1,000,000	1,000,000

	2025 RMB'000	2024 RMB'000
Issued and fully paid: 995,879,675 (2024: 995,879,675) ordinary shares of HK\$0.01 (2024: HK\$0.01) each	9,906	9,906

36. SHARE-BASED PAYMENT TRANSACTIONS

Share option scheme

The Company's share option scheme (the "Scheme") was adopted for the purpose of providing incentives and rewards to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that were valuable to the Group and any entity in which the Group holds any equity interest ("Invested Entity"). Eligible participants of the Scheme include directors and employees of the Company, its subsidiaries or any Invested Entity, suppliers and customers of the Group or any Invested Entity, any person or entity that provides research, development or other technological support to the Group or any Invested Entity, and any shareholder of any members of the Group or any Invested Entity or any holder of any securities issued by any members of the Group or any Invested Entity. The Scheme became effective on 16 May 2016 and, unless otherwise terminated or amended, have been remain in force for 10 years.

The total number of shares which might be issued upon exercise of all share options to be granted under the Scheme and any other share option schemes or share award schemes of the Group must not in aggregate exceed 10% of the Company's shares (i.e. 101,688,167 ordinary shares) in issue as at the date of the adoption of the Scheme. The number of shares in respect of which options might be granted to any individual in any one year was not permitted to exceed 1% of the shares of the Company in issue at any point in time unless prior approval had been obtained from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 30 days of the date of grant, upon payment of HK\$1 per option. Options might be exercised at any time from the date of grant of the share option to the 10th anniversary of the date of grant. There was no minimum period for which an option must be held before the exercise of the subscription right attaching hereto except otherwise imposed by the board of directors. The exercise price was specified in the rules governing the share option scheme and should not be lower than the highest of the (i) official closing price of the ordinary shares of the Company on the Stock Exchange on the date of the offer of grant of options; (ii) the average of the official closing prices of the ordinary shares on the Stock Exchange for the five trading days immediately preceding the date of the grant of the options; and (iii) the nominal value of an ordinary share of the Company.

There were no cash settlement alternatives. The Group did not have a past practice of cash settlement for these share options. The Group accounted for the Scheme as an equity-settled plan.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

36. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share option scheme (Continued)

The following table discloses movements of the Company's share options held by employees and consultants during the current and prior year under the Scheme:

Category	Date of grant	Vesting period	Exercise period	Exercise price* HK\$	Outstanding 1 January 2023	Exercised during the year	Outstanding 31 December 2023	Lapsed during the year	Outstanding 31 December 2024
Employees	10.2.2014	10.2.2014 to 9.2.2016	10.2.2016 to 9.2.2024	4.680	9,000,000	—	9,000,000	(9,000,000)	—
Consultants	10.2.2014	10.2.2014 to 9.2.2017	10.2.2017 to 9.2.2024	4.680	9,000,000	—	9,000,000	(9,000,000)	—
Total					18,000,000	—	18,000,000		—
Exercisable at year end					18,000,000		18,000,000		—
Weighted average exercise price (HK\$)					4.680		4.680		N/A

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

All share options were lapsed during the year ended 31 December 2024.

At the end of the reporting period and up to the date of approval of these financial statements, the Company had no share options outstanding under the Scheme as at 31 December 2024.

No share-based payment expenses had been recognised in profit or loss during the year ended 31 December 2024 as the share options were fully vested in 2016 and 2017, respectively.

36. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share award scheme

The Company's share award scheme (the "Share Award Scheme") was adopted pursuant to a resolution passed on 3 May 2016. Pursuant to the Share Award Scheme under which eligible employees are entitled to participate. The purpose of the Share Award Scheme is to recognise the contribution by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group and also to attract suitable personnel for further development of the Group. The Share Award Scheme became effective on 3 May 2016 and, unless otherwise terminated or amended, will remain in force for 10 years.

The Share Award Scheme is operated through a trustee which is independent of the Group and has the right to, among other conditions, in its sole discretion, determine whether the shares are to be purchased on or off the Stock Exchange from time to time, unless during the year in which the directors of the Company are prohibited by the Listing Rules or any corresponding codes or securities dealing restrictions adopted by the Company. The aggregate number of shares to be awarded under the Share Award Scheme and any other share option schemes or share award schemes of the Group must not in aggregate exceed 10% of the Company's issued share capital (i.e. 99,587,967 ordinary shares). The maximum number of shares that may be awarded to a selected participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

The directors would notify the trustee of the Share Award Scheme in writing upon the grant of any award to any participants. Upon the receipt of such notice, the trustee would set aside the appropriate number of awarded shares in the pool of shares. No new shares would be allotted and issued to satisfy the awards granted under the Share Award Scheme.

The following shares were outstanding under the Share Award Scheme during the year:

	Note	2025 Number of shares '000	2024 Number of shares '000
At 1 January			
Number of shares held by the trustee		8,346	9,694
Number of shares granted but not yet vested		3,440	2,970
Maximum number of shares available for grant		89,148	92,318
At 31 December			
Number of shares held by the trustee		5,266	8,346
Number of shares granted but not yet vested		3,020	3,440
Cancelled during the year		80	—
Maximum number of shares available for grant*		86,408	89,148
Granted during the year	(a)	2,740	3,170
Vesting during the year	(a)	3,080	2,700

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

36. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share award scheme (Continued)

- * As mentioned above, the Company shall not make any further award of shares which will result in the aggregate number of the shares granted under the Share Award Scheme exceeding 10% of the number of issued shares of the Company from time to time. For the avoidance of doubt, shares awarded but lapsed in accordance with the terms of the Share Award Scheme will not be counted for the purpose of calculating the aforesaid 10% scheme limit.

Note:

- (a) For the year ended 31 December 2025, a total of 200,000 shares and 2,540,000 shares (0.03% and 0.26% of equity interest in the Company as at 31 December 2025) were granted to a director and 116 selected employees of the Group, respectively, which have a vesting period of 12 months. During the year, 10,000 shares were cancelled and 2,730,000 shares were granted and unvested as at 31 December 2025. The fair value of the share awards granted to the director and employee was RMB1,630,000 and RMB20,709,000, respectively, based on closing prices of share at date of grant amounted of HK\$8.90 per share.

For the year ended 31 December 2024, a total of 300,000 shares and 2,870,000 shares (0.03% and 0.29% of equity interest in the Company as at 31 December 2024) were granted to a director and 76 selected employees of the Group, respectively, which have a vesting period of 12 months. The fair value of the share awards granted to the director and employee was RMB1,638,000 and RMB15,641,000, respectively, based on closing prices of share at date of grant amounted of HK\$5.68 to HK\$5.99 per share.

During the year ended 31 December 2025, share based payment of RMB23,142,000 (2024: RMB13,743,000) was charged to profit or loss.

The fair value of services received in return for a share award granted is measured by reference to the fair value of the share award granted by the Group. The fair value of the share award granted is measured as the market value at the grant date.

Subsidiary's restricted share award scheme

The establishment of the restricted share award scheme ("Restricted Share Award Scheme") of Willfar Information Technology Company Limited ("Willfar"), a non-wholly-owned subsidiary listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange, was approved at Willfar's 2024 first extraordinary general meeting ("EGM") on 3 April 2024. The Restricted Share Award Scheme is designed to provide long-term incentives for middle-level managers and above (including executive directors) to deliver long-term shareholder returns. The Restricted Share Award Scheme became effective on 3 April 2024 and, unless otherwise terminated or amended, will remain in force for 5 years. The aggregate number of shares to be awarded under the Restricted Share Award Scheme must not in aggregate exceed 10% of Willfar's shares in issue. The maximum number of shares that may be awarded to a selected participant under the Restricted Share Award Scheme shall not exceed 1% of Willfar's shares in issue from time to time.

The restricted shares will vest over a three-year period, with 40%, 30% and 30% of the total restricted shares vesting on the first trading day after the first, second and third anniversary of the registration of the grant respectively, upon the achievement of vesting conditions with reference to both service period and individual performance of the directors and the employees.

36. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Subsidiary's restricted share award scheme (Continued)

The following shares were outstanding under the Restricted Share Award Scheme during the year:

	Note	2025 Number of shares '000	2024 Number of shares '000
At 1 January			
Number of restricted shares granted but not yet vested		4,000	—
Maximum number of shares available for grant		46,000	—
At 31 December			
Number of restricted shares granted but not yet vested		4,000	4,000
Maximum number of shares available for grant		46,000	46,000
Granted during the year	(a)	—	4,000
Vesting during the year	(a)	1,600	—

Note:

- (a) For the year ended 31 December 2025, a total of 1,600,000 shares (0.3% of equity interest in the Willfar as at 31 December 2025) were vested to 134 selected directors and employees of Willfar, which included 1 director of the Company.

For the year ended 31 December 2024, a total of 4,000,000 restricted shares (0.8% of equity interest in Willfar as at 31 December 2024) were granted to 134 selected directors and employees of Willfar, which included 1 director of the Company, have a vesting period of 3 years. The fair value of the shares on the grant date was RMB10.31 per share, based on the closing price of RMB29.73 per share on the grant date.

During the year ended 31 December 2025, a share-based payment of RMB13,543,000 (2024: RMB22,339,000) was charged to profit or loss. Deferred tax impact of equity-settled share-based arrangements of RMB1,008,000 was debited (2024: RMB2,081,000 was credited) to other reserve.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

37. RESERVES

- (i) Merger reserve represents the difference between the nominal value of shares of the subsidiaries acquired over the nominal value of the shares used by the Company in exchange therefor.
- (ii) The PRC statutory reserve is non-distributable and the transfer to this reserve is determined by the board of directors of the subsidiaries established in the PRC in accordance with the relevant laws and regulations of the PRC. According to the relevant rules and regulations in PRC applicable to wholly foreign-owned enterprises, a wholly foreign-owned enterprise is required to transfer at least 10% of its profit after taxation, as determined under the PRC Accounting Regulations, to a reserve fund until the reserve fund balance reaches 50% of the relevant enterprise's registered capital. This reserve can be used to offset accumulated losses or to increase capital upon approval from the relevant authorities.

Pursuant to the relevant PRC regulations, a subsidiary of the Group is required to transfer production and maintenance funds at fixed rates based on relevant bases, such as production volume, to a specific reserve account. The production and maintenance funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of production and maintenance funds utilised are transferred from the specific reserve account to retained earnings.

- (iii) Shares held for the share award scheme represent the own shares of the Company repurchased by a trustee for an employees' share award scheme.
- (iv) Other reserve mainly comprises the difference between the consideration paid for acquiring non-controlling interests in subsidiaries of the Company and the amount of interests acquired, and the equity-settled share-based payments of a listed subsidiary.
- (v) The Group accounts for changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over those subsidiaries as equity transactions and recognised any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received in other reserve.

During the year ended 31 December 2024, Wasion Energy Technology Co., Ltd., a non-wholly-owned subsidiary of the Group, acquired 35,000,000 ordinary shares, equivalent to 35% equity interest in Hunan Switchgear Co., Ltd., a non-wholly owned subsidiary, for a total consideration of approximately RMB30,000,000. The difference of RMB17,257,000 between the non-controlling interests and the consideration was debited to other reserve.

During the year ended 31 December 2024, Willfar, a non-wholly-owned subsidiary of the Group, acquired 30,487,800 ordinary shares, equivalent to 6.1% equity interest in Hunan Weiming Technology Co., Ltd., a non-wholly owned subsidiary, for a total consideration of approximately RMB65,000,000. The difference of RMB17,005,000 between the non-controlling interests and the consideration was debited to other reserve.

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 on pages 159 and 160 of this financial statements.

38. DISPOSAL OF SUBSIDIARIES

On 24 December 2025, Wasion Energy Technology (Hong Kong) Company Limited (“Wasion Energy”), a non-wholly-owned subsidiary of the Group, disposed its 100% equity interest in Rich Study Investments Limited and its subsidiaries at a consideration of RMB46 million to Harbour Equity Partners Ltd, which is wholly-owned by Mr. Kat Chit, an executive director of the Group.

	Notes	RMB'000
Net assets disposed of:		
Property, plant and equipment	13	16,786
Deposits of acquisition of property, plant and equipment	27	41,148
Inventories		17,468
Trade and bills receivables		7,319
Prepayments, other receivables and other assets		7,226
Cash and bank balances		7,475
Trade and bills payables		(46,198)
Other payables and accruals		(14,314)
Due to group companies		(5,396)
Non-controlling interests		(34)
Subtotal		31,480
Exchange fluctuation reserve		327
Gain on disposal of subsidiaries	5	14,193
Total consideration		46,000
Satisfied by:		
Cash		46,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the subsidiaries is as follows:

	RMB'000
Cash consideration	46,000
Outstanding cash consideration	(46,000)
Cash and bank balances disposed of	(7,475)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(7,475)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising in financing activities

	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000
As at 1 January 2024	2,514,446	9,016
Changes from financing cash flows	(81,997)	(10,482)
Additions	—	37,132
Interest expenses	124,850	678
Interest paid classified as operating cash flows	—	(678)
Foreign exchange movement	29,897	(430)
As at 31 December 2024 and 1 January 2025	2,587,196	35,236
Changes from financing cash flows	(181,717)	(22,108)
Additions	—	29,056
Interest expenses	104,795	1,808
Interest paid classified as operating cash flows	—	(1,808)
Reassessment and revision of lease terms	—	(21,209)
Foreign exchange movement	(23,373)	1,098
As at 31 December 2025	2,486,901	22,073

(b) Total cash outflow for leases

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

	2025 RMB'000	2024 RMB'000
Within operating activities	35,866	23,725
Within financing activities	22,108	10,482
Total	57,974	34,207

40. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank facilities are included in note 33(b) to the financial statements.

41. COMMITMENTS

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

	2025 RMB'000	2024 RMB'000
Property, plant and equipment	115,690	61,293
Investment in financial assets at FVTPL	48,000	56,000
Investment in financial assets at FVTOCI	400	—
Total	164,090	117,293

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

42. RELATED PARTY DISCLOSURES

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

	Notes	2025 RMB'000	2024 RMB'000
Sales of goods to a joint venture	(i)	60,639	50,495
Purchase of goods from a joint venture	(ii)	2,625	3,636
Sales of goods to an associate	(i)	338	613
Sales of goods to a company of which a close member of the director's family is a controlling shareholder	(iii)	9,170	—
Purchase of goods from a related company	(iv)	5,936	15,790
Interest received from a joint venture	(v)	431	647
Rental income received from a joint venture		412	393

Notes:

- (i) The sales with the joint venture and associate were made according to the prices and conditions offered to the major customers of the Group.
- (ii) The purchases from a joint venture were made according to the published prices and conditions offered by the joint venture to its major customers.
- (iii) The purchase constitutes a continuing connected transaction, as defined in Chapter 14A of the Listing Rules.
- (iv) The purchase from a related company were made according to the published prices and conditions offered by the related company to its major customers.
- (v) The interest income derived from the loan to the joint venture which is unsecured and bears interest at 4.35% (2024: 4.35%) per annum and is repayable in 2026.

(b) The remuneration of directors and other members of key management of the Group during the year were as follows:

	2025 RMB'000	2024 RMB'000
Short-term benefits	8,493	8,459
Retirement benefit scheme contributions	211	200
Equity-settled share award expenses	2,322	1,821
Total	11,026	10,480

The remuneration of key management is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

43. 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:

2025

Financial assets

	Financial assets at FVTPL RMB'000	Equity investments at FVTOCI RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables	—	—	7,112,004	7,112,004
Loan receivable	—	—	84,500	84,500
Financial assets included in prepayments, other receivables and other assets	69,004	—	178,263	247,267
Equity instruments designated at FVTOCI	—	70,786	—	70,786
Financial assets at FVTPL	242,461	—	—	242,461
Pledged deposits	—	—	416,832	416,832
Cash and bank balances	—	—	3,015,242	3,015,242
Total	311,465	70,786	10,806,841	11,189,092

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	5,951,994
Financial liabilities included in other payables and accruals	130,829
Interest-bearing bank borrowings	2,486,901
Lease liabilities	22,073
Total	8,591,797

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

43. 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)

2024

Financial assets

	Financial assets at FVTPL RMB'000	Equity investments at FVTOCI RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables	—	—	5,821,016	5,821,016
Loan receivable	—	—	85,000	85,000
Financial assets included in prepayments, other receivables and other assets	68,097	—	113,907	182,004
Equity instruments designated at FVTOCI	—	82,222	—	82,222
Financial assets at FVTPL	232,497	—	—	232,497
Structured deposits	50,000	—	—	50,000
Pledged deposits	—	—	514,547	514,547
Cash and bank balances	—	—	2,790,300	2,790,300
Total	350,594	82,222	9,324,770	9,757,586

Financial liabilities

	Financial liabilities at FVTPL RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and bills payables	—	5,081,672	5,081,672
Financial liabilities included in other payables and accruals	—	133,148	133,148
Financial liabilities at FVTPL	14,580	—	14,580
Interest-bearing bank borrowings	—	2,587,196	2,587,196
Lease liabilities	—	35,236	35,236
Total	14,580	7,837,252	7,851,832

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Financial assets				
Equity investments designated at FVTOCI	70,786	82,222	70,786	82,222
Financial assets at FVTPL	242,461	232,497	242,461	232,497
Structured deposits	—	50,000	—	50,000
Life insurance products	69,004	68,097	69,004	68,097
Total	382,251	432,816	382,251	432,816
Financial liabilities				
Financial liabilities at FVTPL	—	14,580	—	14,580
Interest-bearing bank borrowings	2,486,901	2,587,196	2,397,782	2,515,526
Total	2,486,901	2,601,776	2,397,782	2,530,106

Management has assessed that the fair values of cash and bank balances, trade and bills receivables, loan receivables, pledged deposits, trade and bills payables, financial assets included in prepayments, other receivables and other assets and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the executive directors and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values of listed equity investments are based on quoted market prices.

The fair values of unlisted equity investments which were classified as equity investments designated at FVTOCI, and unlisted preference shares and unlisted fund investments which were classified as financial assets at FVTPL, have been estimated using a market-based valuation technique, equity allocation method based on assumptions that are not supported by observable market prices or rates. For market-based valuation technique, the valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation (“EBITDA”) multiple, price to earnings (“P/E”) multiple and price to book (“P/B”) multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value.

For valuation based on equity allocation method, the risk-free interest rate is based on the yield to maturity of PRC government bond with a term commensurate with the maturity of the preferential right as of the acquisition date. The expected volatility is estimated based on the historical daily share price volatility of comparable companies with a time horizon close to the life to expiration of the preferential right.

The fair value of the unlisted investments in a trust fund are measured using valuation techniques by the discounted cash flow method. The valuation requires the directors to determine a suitable discount rate in order to calculate the present value of those cash flows. The directors of the Company believe that the estimated fair values which are recorded in the consolidated statement of financial position with net changes in fair value recognised in profit or loss are reasonable, and that they were the most appropriate values at the end of the reporting period.

The fair values of structured deposits were based on the market values provided by the bank at the end of the reporting period. They are estimated with the principal plus estimated interest income based on the expected annual rate of return.

The fair value of the life insurance products purchased for the three executive directors of the Group is determined based on the cash surrender value in accordance with the terms of the life insurance contract which is not an observable input. Management estimates the fair value based on the latest policy monthly statement of the life insurance contract provided by the insurance company. The unobservable input is the cash surrender value quoted by the insurance company according to the life insurance contract. When the cash surrender value is higher, the fair value of the key management insurance will be higher.

The fair values of forward currency contracts are based on quotes from financial institutions.

The fair values of other financial assets and financial liabilities carried at amortised cost approximate to their carrying amounts.

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Set out below is a summary of the significant unobservable input to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December:

2025

	Valuation technique	Significant unobservable input	Multiple	Sensitivity of fair value to the input
Unlisted equity investments — A, designated at FVTOCI	Valuation multiple	EV/EBITDA multiple of peers	17.05	1% increase/decrease in the multiple would result in increase/decrease in fair value by RMB416,000
Unlisted equity investments — B, designated at FVTOCI	Valuation multiple	EV/EBITDA multiple of peers	12.61	1% increase/decrease in the multiple would result in increase/decrease in fair value by RMB833,000
Unlisted equity investments — C, designated at FVTOCI	Valuation multiple	P/B multiple of peers	2.60	1% increase/decrease in the multiple would result in increase/decrease in fair value by RMB120,000
Unlisted equity investments — D, designated at FVTOCI	Valuation multiple	EV/EBITDA multiple of peers	14.82	1% increase/decrease in the multiple would result in increase/decrease in fair value by RMB5,000
Unlisted preference shares	Equity allocation method	Expected volatility	52.96%	1% increase/decrease in the volatility would result in decrease/increase in fair value by RMB36,000
Unlisted fund investments*	Valuation multiple	EV/EBITDA multiple of peers	31.33– 36.62	1% increase/decrease in the multiple would result in increase/decrease in fair value by RMB100,000

* The valuation of underlying investments included EV/EBITDA multiple of peers, as mentioned above and fair value based on the recent transaction. For the valuation based on the recent transaction price, the valuation is made by reference to the transaction price of the same investment being valued. The directors of the Company believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Set out below is a summary of the significant unobservable input to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December: (Continued)

2024

	Valuation technique	Significant unobservable input	Multiple	Sensitivity of fair value to the input
Unlisted equity investments — A, designated at FVTOCI	Valuation multiple	EV/EBITDA multiple of peers	11.87	1% increase/decrease in the multiple would result in increase/decrease in fair value by RMB368,000
Unlisted equity investments — B, designated at FVTOCI	Valuation multiple	P/E multiple of peers	13.37	1% increase/decrease in the multiple would result in increase/decrease in fair value by RMB86,000
Unlisted equity investments — C, designated at FVTOCI	Valuation multiple	P/B multiple of peers	2.15	1% increase/decrease in the multiple would result in increase/decrease in fair value by RMB110,000
Unlisted preference shares	Equity allocation method	Expected volatility	51.39%	1% increase/decrease in the volatility would result in decrease/increase in fair value by RMB24,000
Unlisted fund investments*	Valuation multiple	EV/EBITDA multiple of peers	20.14– 26.71	1% increase/decrease in the multiple would result in increase/decrease in fair value by RMB103,000

* The valuation of underlying investments included EV/EBITDA multiple of peers, as mentioned above and fair value based on the recent transaction. For the valuation based on the recent transaction price, the valuation is made by reference to the transaction price of the same investment being valued. The directors of the Company believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

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

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	
Assets measured at fair value:				
Equity investments designated at FVTOCI	1,241	—	69,545	70,086
Financial assets at FVTPL	—	200,000	42,461	242,461
Structured deposits	—	—	—	—
Life insurance products	—	—	69,004	69,004
Total	1,241	200,000	181,010	381,551

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

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	
Assets measured at fair value:				
Equity investments				
designated at FVTOCI	21,753	—	60,469	82,222
Financial assets at FVTPL	—	200,000	32,497	232,497
Structured deposits	—	50,000	—	50,000
Life insurance products	—	—	68,097	68,097
Total	21,753	250,000	161,063	432,816
Liabilities measured at fair value:				
Financial liabilities at FVTPL	—	14,580	—	14,580

The movements in fair value measurements within Level 3 during the year are as follows:

	2025 RMB'000	2024 RMB'000
Equity investments designated at FVTOCI:		
At 1 January	60,469	52,292
Total gains recognised in other comprehensive income	8,676	8,177
Additions	400	—
At 31 December	69,545	60,469

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

	2025 RMB'000	2024 RMB'000
Financial instruments designated at FVTPL:		
At 1 January	32,497	26,149
Total gains/(losses) recognised in profit or loss	1,964	(1,652)
	8,000	8,000
At 31 December	42,461	32,497

	2025 RMB'000	2024 RMB'000
Life insurance products:		
At 1 January	68,097	64,759
Total gains recognised in profit or loss	907	3,338
At 31 December	69,004	68,097

During the year ended 31 December 2025 and 2024, there were no transfers of fair value measurement between Level 1 and Level 2 for financial assets, and no transfers into or out of Level 3.

As at 31 December 2025, the Group's financial liabilities not measured at fair value but for which fair values were disclosed included interest-bearing bank borrowings with fair value of RMB2,397,782,000 (2024: RMB2,515,526,000). The fair values of these financial liabilities disclosed were measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly (Level 2).

During the year, 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 liabilities (2024: Nil).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, loan receivables, cash and bank balances and short-term deposits. 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 financial assets at FVTPL, equity investments designated at FVTOCI, trade and bills receivables, other receivables, trade and bills payables, other payables, lease liabilities and financial liabilities at FVTPL.

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

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and bank balances and debt obligations with a floating interest rate.

The interest rates and terms of repayment of interest-bearing bank borrowings are disclosed in note 33 to the consolidated financial statements. Other financial assets and liabilities of the Group do not have material interest rate risk. Interest-bearing bank borrowings and cash and bank balances are stated at cost and are not revalued on a periodic basis. Floating-rate interest income and expenses are credited or charged to profit or loss as incurred.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (Continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on interest-bearing bank borrowings and cash and bank balances) and Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
31 December 2025		
RMB	100	19,107
RMB	(100)	(19,107)
HK\$	100	(18,109)
HK\$	(100)	18,109
US\$	100	5,185
US\$	(100)	(5,185)
31 December 2024		
RMB	100	17,897
RMB	(100)	(17,897)
HK\$	100	(11,350)
HK\$	(100)	11,350
US\$	100	1,691
US\$	(100)	(1,691)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. Approximately 14.4% (2024: 14.3%) of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sale, while approximately 79.9% (2024: 85.7%) of cost were denominated in the units' functional currencies. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in RMB exchange rates against US\$ and HK\$, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in profit before tax RMB'000
31 December 2025		
If RMB weakens against US\$	5	64,435
If RMB strengthens against US\$	(5)	(64,435)
If RMB weakens against HK\$	5	(62,002)
If RMB strengthens against HK\$	(5)	62,002
31 December 2024		
If RMB weakens against US\$	5	52,303
If RMB strengthens against US\$	(5)	(52,303)
If RMB weakens against HK\$	5	(58,335)
If RMB strengthens against HK\$	(5)	58,335

Credit risk and impairment assessment

As at 31 December 2025 and 2024, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arose from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Trade receivables and contract assets arising from contracts with customers

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which covered over 83.2% (2024: 79.3%) of its total receivables as at 31 December 2025. There is no significant concentration of credit risk on trade receivables.

The Group's customer base is diverse and the trade receivables consist of a large number of customers.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment (Continued)

Trade receivables and contract assets arising from contracts with customers (Continued)

The Group does not hold any collateral over these balances. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. In addition, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group performs impairment assessment based on the probability of default approach by estimating the probability of default, loss given default and exposure at default. The ECL assessment considers all reasonable and supportable information, including past experience and forward-looking information.

The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

Bank balances

The credit risks on structure deposits, pledged deposits and bank balances are limited because the counterparties are state-owned banks or financial institutions with high credit ratings assigned by international credit-rating agencies. The management of the Group also considers that these assets are short-term in nature and the probability of default is negligible on the basis of high-credit-rating issuers.

Loan receivables, other receivables and deposits

The directors of the Company make periodic individual assessment on the adequacy of ECLs of loan receivables, other receivables and deposits based on the probability of default approach. Details of the approach are discussed in the section headed "Trade receivables and contract assets arising from contracts with customers".

There are no past due amounts for loan receivables, other receivables and deposits and the Group assesses that there has been no significant increase in credit risk since initial recognition. The 12-month ECL represents the portion of lifetime ECLs that is expected to result from default events that are possible within 12 months after the reporting date. For the years ended 31 December 2025, the Group assessed the ECLs on loan receivables, other receivables and deposits and corresponding loss allowance of RMB4,833,000 (2024: RMB5,404,000) was recognised.

The Group has a concentration of credit risk on liquid funds, which are deposited with several banks with good reputation. The loan receivable disclosed in note 25 is also concentrated in a certain independent third party, and the directors consider the credit risk is significantly reduced as there was history of continuous repayment. Other than the above, the Group does not have significant concentration of credit risk.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment (Continued)

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

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/ other items
Low risk (Grade 1)	The counterparty is a regular customer with the Group, with a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12-month ECL
Low risk (Grade 2)	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12-month ECL
Watch list (Grade 3)	Debtor with long aged balance, but usually settle the amount in full with a strong financial background	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful (Grade 4)	There have been significant increases in credit risk since initial recognition due to failure to repay as scheduled	Lifetime ECL — not credit-impaired	Lifetime ECL- not credit-impaired
Loss credit-impaired	There is evidence indicating that the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL- credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment (Continued)

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, 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. 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 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade and bills receivables					
— Grade 1	75,956	—	—	6,732,734	6,808,690
— Grade 2	—	—	—	41,534	41,534
— Grade 3	—	—	—	374,981	374,981
— Grade 4	—	—	—	168,990	168,990
— Loss	—	—	—	131,149	131,149
Subtotal	75,956	—	—	7,449,388	7,525,344
Contract assets					
— Grade 1	—	—	—	363,018	363,018
— Grade 2	—	—	—	15,637	15,637
— Grade 3	—	—	—	47,139	47,139
— Grade 4	—	—	—	3,091	3,091
Subtotal	—	—	—	428,885	428,885
Financial assets included in prepayments, other receivables and other assets					
— Grade 3	174,426	—	—	—	174,426
Loan receivable					
— Grade 1	84,500	—	—	—	84,500
Loan receivable from a joint venture*					
— Grade 3	—	8,670	—	—	8,670
Pledged deposits					
— Grade 1	416,832	—	—	—	416,832
Cash and bank balances					
— Grade 1	3,015,242	—	—	—	3,015,242
Total	3,766,956	8,670	—	7,878,273	11,653,899

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment (Continued)

As at 31 December 2024

	12-month ECLs		Lifetime ECLs		Simplified approach RMB'000	Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000			
Trade and bills receivables						
— Grade 1	179,869	—	—	4,946,908	5,126,777	
— Grade 2	—	—	—	420,880	420,880	
— Grade 3	—	—	—	352,271	352,271	
— Grade 4	—	—	—	166,544	166,544	
— Loss	—	—	—	165,947	165,947	
Subtotal	179,869	—	—	6,052,550	6,232,419	
Contract assets						
— Grade 1	—	—	—	300,390	300,390	
— Grade 2	—	—	—	38,074	38,074	
— Grade 3	—	—	—	49,682	49,682	
— Grade 4	—	—	—	3,193	3,193	
Subtotal	—	—	—	391,339	391,339	
Financial assets included in prepayments, other receivables and other assets						
— Grade 3	105,541	—	—	—	105,541	
Loan receivable						
— Grade 1	85,000	—	—	—	85,000	
Loan receivable from a joint venture*						
— Grade 3	—	13,770	—	—	13,770	
Pledged deposits						
— Grade 1	514,547	—	—	—	514,547	
Cash and bank balances						
— Grade 1	2,790,300	—	—	—	2,790,300	
Total	3,675,257	13,770	—	6,443,889	10,132,916	

* For the loan receivable from a joint venture, and the balance due from the joint venture included in trade receivables and contract assets, which were RMB55,720,000 (2024: RMB44,069,000) in aggregate, management considered the ECL impact was minimal as the Group expects to recover the full amount of the balances.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment (Continued)

As at 31 December 2025, debtors which are credit-impaired with a gross carrying amount of RMB131,149,000 (2024: RMB165,947,000) were assessed individually. The information about the exposure to credit risk for trade receivables and contract assets which are assessed based on a provision matrix as at 31 December within the lifetime ECL (not credit-impaired) was as follows:

Gross carrying amounts

Internal credit rating	2025			2024		
	Average loss rate	Trade receivables RMB'000	Contract assets RMB'000	Average loss rate	Trade receivables RMB'000	Contract assets RMB'000
Grade 1–2	1.68%	6,774,268	378,655	1.7%	5,367,788	338,464
Grade 3	2.46%	374,981	47,139	1.9%	352,271	49,682
Grade 4	94.13%	168,990	3,091	90.1%	166,544	3,193
Loss	100.00%	131,149	—	100.0%	165,947	—
Total		7,449,388	428,885		6,052,550	391,339

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

The movements of impairment allowance of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	411,403	345,841
Provision for impairment losses, net	48,079	110,093
Write-off	(46,142)	(44,531)
At end of year	413,340	411,403

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment (Continued)

Gross carrying amounts (Continued)

The movements of impairment allowance of contract assets are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	2,844	3,541
Provision/(reversal of provision) for impairment losses, net	1,082	(697)
At end of year	3,926	2,844

The movements of impairment allowance of other receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	5,404	15,404
Reversal of provision for impairment losses, net	(571)	(10,000)
At end of year	4,833	5,404

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of long term bank loans and projected cash flows from operations.

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:

31 December 2025

	On demand RMB'000	No later than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade and bills payables	—	5,951,994	—	—	5,951,994
Other payables and accruals	130,829	—	—	—	130,829
Interest-bearing bank borrowings	—	1,419,031	1,161,929	—	2,580,960
Lease liabilities	—	9,398	13,436	1,063	23,897
Total	130,829	7,380,423	1,175,365	1,063	8,687,680

31 December 2024

	On demand RMB'000	No later than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade and bills payables	—	5,081,672	—	—	5,081,672
Other payables and accruals	133,148	—	—	—	133,148
Financial liabilities at FVTPL	—	14,580	—	—	14,580
Interest-bearing bank borrowings	—	1,643,804	1,040,255	—	2,684,059
Lease liabilities	—	16,299	19,458	1,996	37,753
Total	133,148	6,756,355	1,059,713	1,996	7,951,212

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments included in equity investments designated at FVTOCI (note 20) as at 31 December 2025. The Group's listed investments are listed on the stock exchanges and are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to every 10% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period, of the Group's profit before tax and equity.

	Carrying amount of equity investments RMB'000	Increase/ (decrease) in equity* RMB'000
31 December 2025		
Investments listed in:		
Hong Kong — Equity investments designated at FVTOCI	935	93/(93)
PRC — Equity investments designated at FVTOCI	306	31/(31)
31 December 2024		
Investments listed in:		
Hong Kong — Equity investments designated at FVTOCI	21,294	2,129/(2,129)
PRC — Equity investments designated at FVTOCI	459	50/(50)

* Excluding accumulated losses

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 adjustment 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 adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made to the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management (Continued)

The Group monitors capital using a gearing ratio, which is total debt divided by total assets. Total debt represents interest-bearing bank borrowings. The gearing ratios as at the end of the reporting periods were as follows:

	2025 RMB'000	2024 RMB'000
Total debt	2,486,901	2,587,196
Total assets	17,582,912	15,726,898
Gearing ratio	14.1%	16.5%

46. COMPARATIVE AMOUNTS

Certain prior year grouping have been made, and certain comparative amounts have been re-presented to conform with the current year's presentation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

47. NON-CONTROLLING INTERESTS

	Interest attributable to shares held in subsidiaries RMB'000	Treasury shares of a listed subsidiary RMB'000	Total RMB'000
At 1 January 2024	1,909,033	(299,048)	1,609,985
Profit for the year	324,550	—	324,550
Exchange differences on translation of foreign operations	445	—	445
Equity-settled share-based arrangements of a listed subsidiary	9,758	—	9,758
Partial acquisition of interests in a subsidiary	(60,738)	—	(60,738)
Cancellation of repurchased shares of a listed subsidiary	(112,091)	201,928	89,837
Dividend paid to non-controlling interests	(85,516)	—	(85,516)
At 31 December 2024 and 1 January 2025	1,985,441	(97,120)	1,888,321
Profit for the year	422,858	—	422,858
Exchange differences on translation of foreign operations	543	—	543
Equity-settled share-based arrangements of a listed subsidiary	5,009	—	5,009
Repurchase of shares by a listed subsidiary	—	(127,519)	(127,519)
Release of restricted shares under the share award scheme of a listed subsidiary	—	35,741	35,741
Proportional capital injection by non-controlling interests	5,772	—	5,772
Disposal of subsidiaries (note 38)	(34)	—	(34)
Dividend paid to non-controlling interests	(150,960)	—	(150,960)
At 31 December 2025	2,268,629	(188,898)	2,079,731

47. NON-CONTROLLING INTERESTS (CONTINUED)

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2025	2024
Percentage of equity interest held by non-controlling interests: Willfar	40.4%	40.4%

	2025 RMB'000	2024 RMB'000
Profit for the year attributable to non-controlling interests: Willfar	330,643	255,958
Dividends paid to non-controlling interests of Willfar	150,960	85,516
Accumulated balances of non-controlling interests at the reporting date: Willfar	1,570,687	1,446,174

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	Willfar	
	2025 RMB'000	2024 RMB'000
Revenue	2,977,611	2,744,771
Total expenses	(2,707,554)	(2,091,657)
Profit for the year	270,057	653,114
Total comprehensive income for the year	270,057	653,114
Current assets	4,879,953	4,356,376
Non-current assets	826,947	655,078
Current liabilities	(1,992,594)	(1,469,046)
Non-current liabilities	(16,421)	(21,379)
Net cash flows from operating activities	511,958	474,935
Net cash flows used in investing activities	(168,719)	(17,817)
Net cash flows used in financing activities	(502,612)	(205,240)
Net (decrease)/increase in cash and cash equivalents	(159,373)	251,878

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

48. STATEMENT OF THE FINANCIAL POSITION OF THE COMPANY

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	1,212,661	1,218,029
Other non-current assets	69,627	68,862
Total non-current assets	1,282,288	1,286,891
CURRENT ASSETS		
Other receivables	329	337
Cash and bank balances	10,166	36,655
Total current assets	10,495	36,992
CURRENT LIABILITIES		
Other payables	5,164	5,294
Due to subsidiaries	489,518	644,648
Total current liabilities	494,682	649,942
NET CURRENT LIABILITIES	(484,187)	(612,950)
TOTAL ASSETS LESS CURRENT LIABILITIES	798,101	673,941
NET ASSETS	798,101	673,941
EQUITY		
Issued capital	9,906	9,906
Reserves (note)	788,195	664,035
Total equity	798,101	673,941

48. STATEMENT OF THE FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

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

	Share premium RMB'000	Merger reserve RMB'000	Share option reserve RMB'000	Shares held for share award reserve RMB'000	Other reserve RMB'000	(Accumulated loss)/ retained profits RMB'000	Total RMB'000
At 1 January 2024	472,004	198,399	27,730	(27,498)	33,164	(75,032)	628,767
Total comprehensive income for the year	—	—	—	—	—	282,067	282,067
Shares granted under the share award scheme	—	—	—	13,743	—	—	13,743
Purchase of shares under the share award scheme	—	—	—	(6,290)	—	—	(6,290)
Transfer of share option reserve upon the expiry of share options	—	—	(27,730)	—	—	27,730	—
Dividend paid	(254,252)	—	—	—	—	—	(254,252)
At 31 December 2024 and 1 January 2025	217,752	198,399	—	(20,045)	33,164	234,765	664,035
Total comprehensive income for the year	—	—	—	—	—	447,702	447,702
Shares granted under the share award scheme	—	—	—	23,142	—	—	23,142
Dividend paid	(200,000)	—	—	—	—	(146,684)	(346,684)
At 31 December 2025	17,752	198,399	—	3,097	33,164	535,783	788,195

49. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2026.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				2025 RMB'000
	2020 RMB'000	2021 RMB'000	2023 RMB'000	2024 RMB'000	
Revenue	4,590,762	5,855,844	7,252,272	8,716,541	10,073,525
Profit (loss) for the year attributable to:					
Owners of the Company	268,084	323,797	521,233	705,612	1,058,246
Non-controlling interests	159,890	187,363	239,360	324,550	422,858
	427,974	511,160	760,593	1,030,162	1,481,104

ASSETS AND LIABILITIES

	As at 31 December				2025 RMB'000
	2020 RMB'000	2021 RMB'000	2023 RMB'000	2024 RMB'000	
Total assets	12,672,139	13,026,055	13,880,119	15,726,898	17,582,912
Total liabilities	(6,592,277)	(6,897,579)	(7,103,498)	(8,405,970)	(9,267,423)
	6,079,862	6,128,476	6,776,621	7,320,928	8,315,489
Equity attributable to:					
Owners of the Company	4,631,926	4,655,904	5,166,636	5,432,607	6,235,758
Non-controlling interests	1,447,936	1,472,572	1,609,985	1,888,321	2,079,731
	6,079,862	6,128,476	6,776,621	7,320,928	8,315,489



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