



Shenzhen Woer Heat-Shrinkable Material Co., Ltd.
深圳市沃爾核材股份有限公司

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

Stock Code : 9981

2025
ANNUAL REPORT



Contents

Corporate Information	2
Financial Summary	4
Chairman's Statement	6
Management Discussion and Analysis	8
Directors and Senior Management	49
Directors' Report	55
Corporate Governance Report	76
Independent Auditor's Report	104
Consolidated Statement of Profit or Loss and Other Comprehensive Income	110
Consolidated Statement of Financial Position	112
Consolidated Statement of Changes in Equity	114
Consolidated Statement of Cash Flows	116
Notes to the Consolidated Financial Statements	119
Definitions	247



Corporate Information

THE BOARD

Executive Directors

Mr. Zhou Heping (*Chairman and Executive Director*)
Ms. Yi Huarong (*Executive Director and General Manager*)
Mr. Liu Zhanli
Mr. Xia Chunliang
Ms. Deng Yan

Non-executive Director

Dr. Li Wenyou

Independent Non-executive Directors

Mr. Zeng Fanyue
Ms. Dai Bingjie
Mr. Wang Dong

AUDIT COMMITTEE

Mr. Zeng Fanyue (*Chairperson*)
Mr. Wang Dong
Dr. Li Wenyou

REMUNERATION AND APPRAISAL COMMITTEE

Ms. Dai Bingjie (*Chairperson*)
Ms. Yi Huarong
Mr. Zeng Fanyue

NOMINATION COMMITTEE

Mr. Wang Dong (*Chairperson*)
Mr. Zhou Heping
Ms. Dai Bingjie

STRATEGY AND INVESTMENT DECISION COMMITTEE

Mr. Zhou Heping (*Chairperson*)
Ms. Yi Huarong
Mr. Zeng Fanyue

JOINT COMPANY SECRETARIES

Ms. Qiu Wei
Mr. Tam Ka Lung

AUTHORIZED REPRESENTATIVES

Mr. Liu Zhanli
Mr. Tam Ka Lung

AUDITOR

Moore CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
1001-1010, North Tower
World Finance Centre
Harbour City, 19 Canton Road
Tsim Sha Tsui, Kowloon
Hong Kong

Zandar Certified Public Accountants LLP
11F, Radio and Television Financial
Center
No. 9 Pengcheng No. 1 Road Fuxin
Community
Lianhua Avenue
Futian District
Shenzhen City
Guangdong
PRC

HONG KONG LEGAL ADVISER

Tian Yuan Law Firm LLP
Suites 3304-3309, 33/F, Jardine House
One Connaught Place
Central
Hong Kong

Corporate Information

COMPLIANCE ADVISER

Gram Capital Limited
Room 1209
12/F, Nan Fung Tower
88 Connaught Road Central/173 Des
Voeux Road Central
Central
Hong Kong

REGISTERED OFFICE

Woer Industrial Park, Lanjing North
Road
Longtian Subdistrict
Pingshan District
Shenzhen
Guangdong
PRC

HEAD OFFICE IN THE PRC

Woer Industrial Park, Lanjing North
Road
Longtian Subdistrict
Pingshan District
Shenzhen
Guangdong
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 504, 5/F,
Cheong Tai Commercial Building
60-66 Wing Lok Street
Sheung Wan
Hong Kong SAR

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

PRINCIPAL BANKERS

Bank of China Limited,
Shenzhen Xili Sub-branch
Rooms 101-103, 207-213, 215-223,
229-233, 235-243, 245-253, 255-263,
265-273, 275-277, 302, 303
East Tower, Dingxin Building
Shahe West Road, Nanshan District
Shenzhen, PRC

Industrial and Commercial Bank of
China, Shenzhen Shajing Sub-branch
Units 1056-1059 (1F) & Unit 2060 (2F)
Building 4, Vanke Philia (Residence)
Shajing Subdistrict, Bao'an District
Shenzhen, PRC

China Everbright Bank Company
Limited, Shenzhen Longgang
Sub-branch
Unit 102, Zone 101C, Duplex Level
Xie Li Garden Phase 3 Shopping Center
Longhe Road, Pingnan Community,
Longgang Subdistrict, Longgang District
Shenzhen, PRC

STOCK CODE

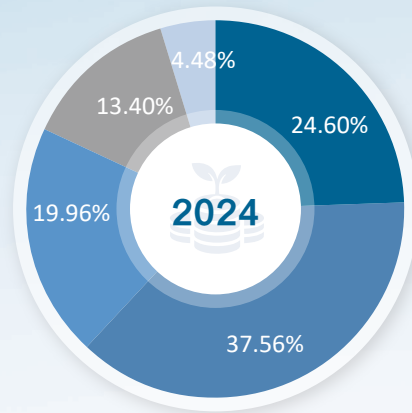
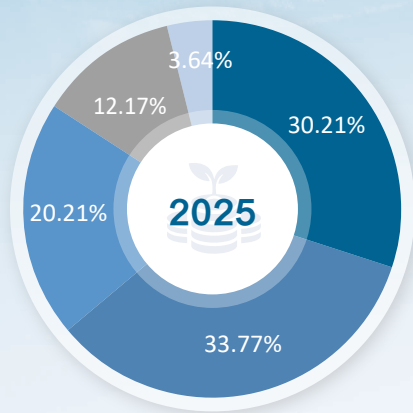
Hong Kong Stock Exchange (H shares):
9981
Shenzhen Stock Exchange (A shares):
002130

COMPANY WEBSITE

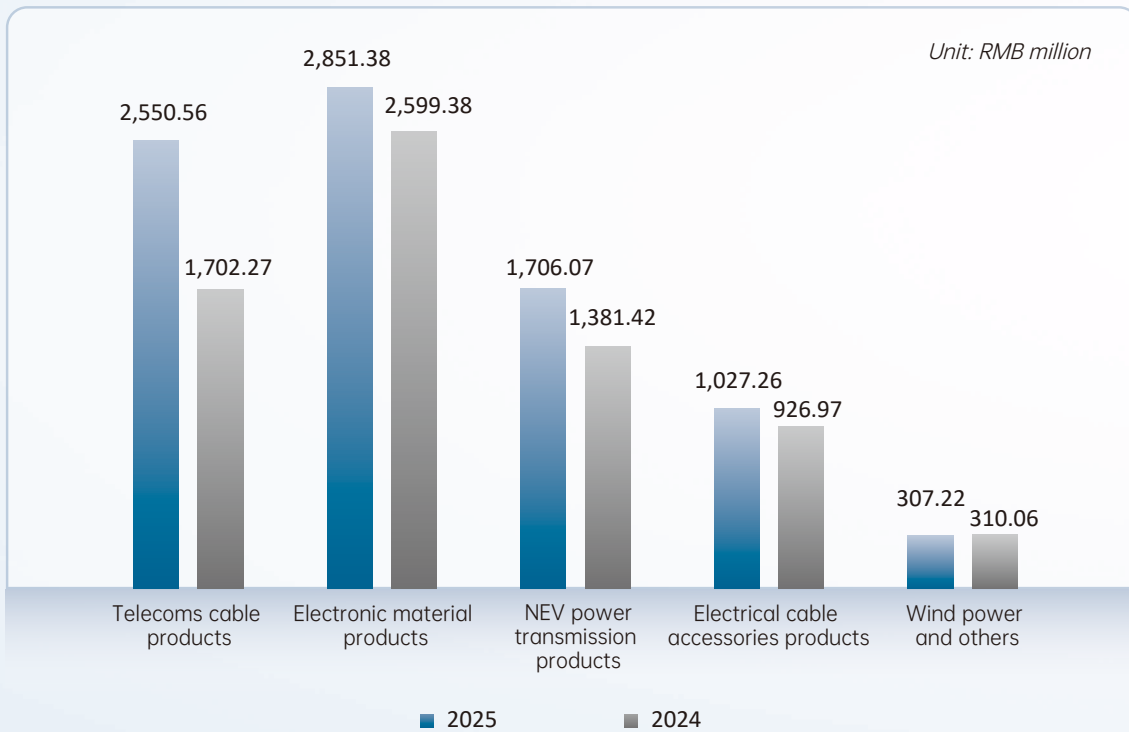
www.woer.com

Financial Summary

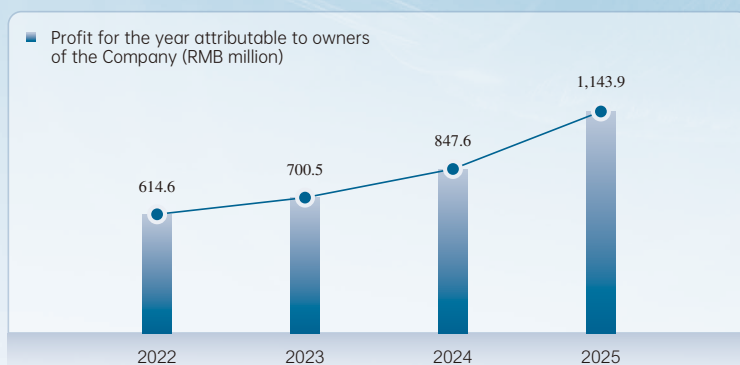
Revenue by business segment and percentage of total revenue



- Telecoms cable products
- Electronic material products
- NEV power transmission products
- Electrical cable accessories products
- Wind power and others



Financial Summary



Consolidated statement of profit or loss and other comprehensive income

	For the year ended 31 December			
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000
Revenue	8,442,483	6,920,102	5,718,841	5,336,649
Gross profit	2,560,978	2,110,363	1,788,641	1,611,962
Gross profit margin	30.3%	30.5%	31.3%	30.2%
Profit before taxation	1,421,567	1,073,863	872,877	727,356
Profit for the year	1,220,654	920,503	757,727	660,247
Profit for the year attributable to owners of the Company	1,143,868	847,551	700,483	614,623
Total comprehensive income for the year	1,187,018	912,857	769,374	635,745

Consolidated statement of financial position

	As of 31 December			
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000
Assets				
Total non-current assets	5,700,942	4,693,436	4,262,339	4,185,279
Total current assets	6,559,625	5,536,890	4,718,097	4,133,457
Total assets	12,260,567	10,230,326	8,980,436	8,318,736
Liabilities				
Total non-current liabilities	1,226,409	1,217,357	774,954	719,923
Total current liabilities	4,229,666	2,884,640	2,742,978	2,799,419
Total liabilities	5,456,075	4,101,997	3,517,932	3,519,342
Total equity	6,804,492	6,128,329	5,462,504	4,799,394

Note: The Company was listed on the Main Board of the Stock Exchange on 13 February 2026. The Company published financial information since 2022 in the Prospectus prepared in accordance with IFRS Accounting Standards, and therefore the above tables set out the financial highlights for the four accounting years since 2022.

Chairman's Statement

2025 was an extraordinary year in the Company's development journey. Although the macroeconomic environment showed signs of recovery, the manufacturing industry still faced a complex and changing external environment along with intense market competition. Against this backdrop, all employees of the Company remained fearless and united, steadfastly maintaining our core business amidst fluctuations, showcasing remarkable determination and resilience, and propelling the sustainable development of the Company.

Seizing Industry Opportunities, Achieving Steady Growth in Operating Performance. In 2025, we capitalized on industry development opportunities brought by the rapid development of the data centers and artificial intelligence industries, as well as the continued expansion of the new energy vehicle industry. We remained committed to building on our core business, driven by technological innovation and guided by market demand. We deepened our engagement in the two core businesses of "electronic communications + new energy power", with all key business segments progressing in tandem, achieving stable growth in operating performance. In 2025, the Group achieved a profit for the year attributable to owners of the Company of RMB1,143.9 million, representing an increase of 34.96% compared to the same period last year.

Adhering to Innovation-Driven Development, Achieving Significant R&D Results. We remained committed to driving technological innovation and deepening our presence in high-end product areas. We continuously advanced product upgrades, achieving significant technological breakthroughs in products such as high-speed copper cables, high-power liquid-cooled charging guns, and nuclear-safety-grade cable accessories, which consistently strengthened the Company's core competitive advantages. In 2025, our R&D investment amounted to RMB446.2 million. By the end of 2025, we held over 2,000 valid patents, laying a solid technological foundation for the Company's long-term development.

Closely Aligning with Market Demand, Steadily Expanding Production while Enhancing Efficiency. We carefully tracked industry development trends and keenly grasped the market opportunities arising from growing demand in electronic materials, communication cables, and new energy vehicles. We increased resource investments at home and abroad, optimizing resource allocation, exploring markets, expanding overseas bases, and enhancing our domestic and international production capacity layouts, thereby improving the Company's global supply capabilities. We also coordinated the improvement of our global marketing network and service system to gradually establish a multi-dimensional global operating system encompassing production, sales, and service. This strategy has continuously boosted the brand influence and competitiveness of the Group's products in the international market and further expanded the Group's business development opportunities.

Chairman's Statement

Strengthening the Talent Foundation, Improving the Incentive Mechanism.

In the face of the increasingly intense competitive landscape in the industry, we adhered to a people-oriented approach, placing a high emphasis on building a talent pipeline and continuously increasing recruitment efforts for recent graduates while refining our talent development system. At the same time, we established a scientific performance evaluation and compensation system and implemented an equity incentive plan. These initiatives have effectively attracted and retained outstanding management talents as well as business and technical backbones, fully mobilizing their enthusiasm and creativity, thereby constantly strengthening the Company's cohesion and core competitiveness.

Following the successful completion of the H-share issuance process in 2025, the Company successfully listed on the Main Board of the Hong Kong Stock Exchange on February 13, 2026. This milestone marks our transition from an A-share listed company to a dual-listed A+H company, injecting new momentum into the Company's global development.

2026 marks the beginning of the country's "15th Five-Year Plan", during which the nation is focusing on promoting high-quality development strategies that provide broad strategic opportunities for the manufacturing industry. Standing at this new starting point, the Company will continue to uphold the core values of "hard work, pragmatism, efficiency, and win-win cooperation". We will deepen our focus on the core businesses with a more open attitude and practical approach while pursuing innovation and progress with an even more pioneering spirit. We will strive to deliver even better performance to reward shareholders, give back to society, and benefit our employees.

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

I. Business Review during the Reporting Period

(I) Principal business of the Group during the Reporting Period

During the Reporting Period, the Group's principal business focused on the electronic communications and new energy power sectors, comprising five principal businesses: electronic materials, telecoms cables, electrical cable accessories products, NEV power transmission products, and wind power generation. The Group maintains established manufacturing bases across multiple domestic locations and in Vietnam to meet the needs of customers from different regions; its sales network covers major and medium-sized cities across China and several overseas markets, with products exported to numerous countries and regions, thereby cultivating a strong brand effect.



Management Discussion and Analysis

1. Electronic materials business

The electronic materials business primarily comprises heat-shrink tubings, dual-wall tubings, tapes and heat-shrinkable busbar insulation tubings. By offering outstanding features such as convenient shrinkage, temperature resistance, flame retardancy, corrosion resistance and halogen-free environmental friendliness, the Group's electronic material products provide insulation and protection for wires, cables and electrical equipment. They are widely applied in electronics, electrical appliances, communications, automotive, rail transit, medical, nuclear power and aerospace sectors. Key products and typical application scenarios are illustrated below:



Since its establishment, the Company has been deeply engaged in the heat-shrink materials sector and has become a leading enterprise in this field. In recent years, leveraging advanced technological capabilities, a comprehensive range of product specifications, complete certification systems, well-established sales mechanisms, synergistic effects from multiple manufacturing bases, as well as the advantages of economies of scale and brand recognition, the Group's electronic materials business has maintained steady growth, further consolidating its business foundation and strengthening market competitiveness.

Management Discussion and Analysis

2. Telecoms cable business

The telecoms cable business principally includes high-speed copper cables, automotive data communication cables, industrial automation and robot cables. The Group's telecoms cable products feature stable performance, low signal attenuation, strong interference resistance and high compatibility, enabling high-speed data transmission, signal control and power transmission. These products are widely used in our core markets, such as high-speed communications equipment, industrial machinery and robotics, and the automotive sector. Key products and typical application scenarios are illustrated below:



The Group's communication cable business is operated by its controlling subsidiary, LTK Electric, which has over 30 years of experience in the telecoms cable field. It is extensively experienced in product R&D and process control, and boasts competitive strengths in R&D design, performance testing, quality control, intelligent manufacturing and large-scale production. LTK Electric offers a diverse product range, with some products attaining international advanced standards; it also maintains long-term strategic partnerships with leading industry customers, underpinning a strong brand reputation.

Management Discussion and Analysis

3. Electrical cable accessories business

Electrical cable accessories comprise products for voltage range between 1kV and 500kV and various insulating protection products. The Group's electrical cable accessories products emphasise independent design and core manufacturing, featuring ease of installation, high insulation strength and reliable performance, among other benefits. They provide electrical connections and insulation protection for cables, transmission and distribution lines and related equipment, and are widely applicable to power generation, power distribution, complete equipment, rail transit, petrochemicals, high-speed rail and marine sectors. Key products and typical application scenarios are illustrated below:



Having operated in the field of electrical cable accessories for years, the Group drives growth through technological innovation and has mastered core technologies such as material formulations, structural design and intelligent monitoring for electrical cable accessories, while accumulating extensive experience for product-related operations. With a comprehensive product portfolio, stable performance, full certification qualifications, a nationwide sales network in China, close relationships with key customers and high-quality supporting services, the Group ranks among the leading players in scale and industry position within the electrical power cable accessories segment.

Management Discussion and Analysis

4. New energy vehicle (NEV) power transmission products business

Our key NEV power transmission products include EV charging guns, charging sockets, in-vehicle high-voltage cables, high-voltage connectors and power battery safety protection products. The Group's NEV products feature high charging efficiency, strong safety, reliable performance and wide compatibility, and are widely applied in EV charging and in-vehicle high-voltage connection systems. The Group's key NEV products and typical application scenarios are illustrated below:



Relying on technological accumulation and market-oriented development, the Group has independently developed NEV-related businesses for nearly a decade. Currently, the Group's DC charging gun products enjoy high recognition in the domestic market and rank among the industry leaders in market share; its liquid-cooled ultra-fast charging technology is domestically leading. Leveraging in-house manufacturing capabilities for core components and key materials, the Group has built an industrial chain covering charging guns, charging sockets, high-voltage cables and high-voltage connectors, with certain sub-segments achieving full in-house production. By expanding production bases, the Group continues to enhance scale production capacity and delivery efficiency, providing solid support for the sustainable development of its NEV power transmission products business.

Management Discussion and Analysis

5. *Wind power business*

The wind power business operated stably during the Reporting Period. The total installed capacity of Qingdao Wind Power Hetoudian (青島風電河頭店), Dongdazhai (東大寨) and Heya wind farms (河崖風電場) amounted to 144.2 MW. The on-grid power for 2025 stood at 283 million kWh, all sold to State Grid Shandong Electric Power Company Yantai Power Supply Company.

(II) *Core competitiveness of the Group during the Reporting Period*

1. *Technological advantages*

Recognized as a national high-tech enterprise for many consecutive years, the Company has always adhered to the concept of technological innovation, and has been committed to the R&D, innovation and iterative upgrading of advanced polymer materials, high-end cables, high-performance power transmission products and other products, as well as continuous improvement and optimization of production processes. The Group has a professional and high-calibre R&D team. After years of technological accumulation and independent development, it has formed a comprehensive product service system featuring "Multi-dimensional product layout + In-depth customized cooperation", and built a product ecosystem of "Multiple specifications, customization, and full chain". The Group holds all the independent intellectual property rights of its products and numerous international and domestic invention patents. Successively winning a number of honor certificates, the Company has been awarded the titles of "National Intellectual Property Demonstration Enterprise" and "Shenzhen Key Enterprise Research Institute", which is conducive for the Group to further strengthening the application and implementation of intellectual property rights and consolidating its technological competitive advantages. As of the end of the Reporting Period, several of the Company's wholly-owned subsidiaries had been recognized as national Specialized, Refined, Differential and Innovative "Little Giants" Enterprises, demonstrating a high recognition of the Group's technological innovation, product quality and comprehensive strength, and laying a solid foundation for continuous deepening of the Group's R&D and innovation.

The Group promotes technological innovation to lead the development of the industry, has established technological advantages in major product fields, and has reached the leading level in the industry. In the future, the Group will continuously strengthen its R&D capabilities in software and hardware, and actively promote various innovative projects. By continuously accumulating industry insights and practical experience, we constantly improve the agility of new product development, respond quickly to market demands, and maintain the Group's competitive advantages in the market.

Management Discussion and Analysis

2. *Manufacturing advantages*

As a technology-oriented manufacturing enterprise, the Company has deeply cultivated new materials business since its establishment and has expanded into communication cables and new energy vehicle-related businesses. It has formed production and manufacturing advantages such as mature production processes, advanced manufacturing equipment, well-matched raw material resources, mature operation procedures, and standardized quality control. The Group has multiple production bases in Shenzhen, Huizhou, Dongguan, Shanghai, Wuhan, Changzhou, Tianjin, Vietnam, etc., which can form a rapid and large-scale delivery capacity. In recent years, the Group has empowered the production and manufacturing processes with digitalization and intelligence, gradually forming an automated and lean production and manufacturing system. This has enabled the optimal allocation of production resources and precise control of manufacturing data, facilitating cost improvement and economics enhancement in each production link. The Group has also achieved independent control of key processes by independently designing and manufacturing key production equipment, thereby improving product quality and production efficiency from the source and strengthening the uniqueness and stability of the manufacturing processes.

In addition, in terms of supply chain management, the Group has continuously optimized its procurement management model, introducing the SRM procurement and supply management system. Through intelligent sourcing, bidding optimization, and centralized procurement, it reduced the cost of raw material procurement while ensuring the stability and quality controllability of key material supply. In the logistics and delivery links, the advantageous products of different production bases complemented each other, and goods were dispatched nearby to improve the delivery efficiency and improve the efficiency of the transportation link, so as to respond quickly to market demands. In the production and management link, the Group fully leveraged the synergy of multiple production bases, coordinating production capacity with each other, enhancing product turnover speed, and thereby improving product competitiveness.

Management Discussion and Analysis

3. *Marketing advantages*

The Group has set up sales branches and offices in many large-and medium-sized cities in China, and has thousands of domestic and foreign cooperative distributors, forming a marketing network with numerous points and wide coverage. A well-developed marketing system layout not only can widely cover the market customer group, but also lay the foundation for high-quality and timely delivery services. The Group is customer-centered and competition-driven. Always adhering to the professional development of the marketing team, it has established a professional marketing team, created a PK system and assistance system for internal healthy development, and actively promoted the growth of sales performance. For customer groups in key industries or those with demands related to multiple business segments, the Parent Company took the lead in forming a dedicated service team to jointly cover and actively develop all-round product demands. It strengthened the construction of sales strategies for multi-brand products and flexibly adopted multi-channel sales models. Fully realizing the penetration of its sales network, the Group has established an efficient connection mechanism regarding customers and sales, R&D and production, better meeting the individualized needs of customers, and it has established a deep cooperative relationship through direct project connection with customers, to jointly explore new fields and develop new markets.

4. *Brand advantages*

The product brands such as WOER, LTK and KTG owned by the Group have a good reputation in the industry. The Company has successively been awarded honorary titles such as "China's Well-known Trademark" and "Most Influential Famous Brand in Shenzhen". The registered trademark "WOER and Logo" used by the Company on goods in Class 17 of the International Classification of Goods and Services for the Purposes of the Registration of Marks, namely insulating materials, wire insulators and power network insulators, has been recognized as a well-known trademark by the Trademark Office of the State Administration for Industry and Commerce of the People's Republic of China. Moreover, the trademarks "沃尔核材", "WOER and Logo" and "LTK" have been included in the list of key trademarks for protection in Guangdong Province. Deeply cultivating its core businesses, the Group has attached great importance to the construction and inheritance of brand culture. In the future, it will continue to deepen the influence of its existing brands, actively develop other star products, and strengthen its brand strategy.

Management Discussion and Analysis

5. *Synergistic advantages*

The Group has been cultivating the new materials industry for nearly three decades. Relying on its technological advantages and solid underlying accumulation, and supported by technologies and guided by the market, it has developed electronic materials and electrical cable accessories products businesses in line with the trend, developed and operated wind power generation, actively deployed related businesses such as communication cables and new energy vehicles, promoted the coordinated development of various industries, and continuously expanded the business growth of the Group. The Group adheres to electronic communication and new energy power as its major development directions, continuously dedicates itself to in-depth development in its core business fields, strengthens its technological innovation and industrial integration capabilities, strengthens the coordinated development of the industrial chain, achieves scale advantages and synergy effects, consolidates the moat, and improves comprehensive competitiveness.

6. *Customer advantages*

The Group has been in profound cultivation of core fields such as electronic communication and new energy power for many years. With stable and reliable product quality, continuous technological innovation capabilities and efficient response based delivery capabilities, it has established long-term and stable cooperative relationships with a wide range of customers. By continuously optimizing the customer structure, the Group has accumulated extensive customer resources in related segments such as electronic power, communication cables and new energy vehicles, and has formed a stable and sustainable market demand foundation. During the long-term cooperation process, the Group has continuously carried out technical exchanges and product iteration upgrades, constantly improving the adaptability of products to customers' application scenarios, providing customers with high-quality products and professional solutions, and continuously deepening the cooperative relationship. Fine and stable customer resources not only provide strong support for the continuous growth of the Group's business scale, but also lay a solid market foundation for the promotion of new products, market expansion and the coordinated development of industries of the Group.

Management Discussion and Analysis

(III) Key work achievements of the Group during the Reporting Period

In 2025, the Group remained committed to its primary development focus of “electronic communications + new energy power”, diligently advancing its established strategic plan. Against the backdrop of ongoing macroeconomic uncertainties and intensifying industry competition, the Group actively capitalized on industry development opportunities, persisted in being driven by technological innovation and guided by market demand, continuously increased research and development (R&D) investment and market expansion efforts, and constantly promoted product upgrades and capacity building. Meanwhile, the Group continuously optimized resource allocation in line with industry development trends and changes in market demand, increasing investment in key business areas such as high-speed copper cables, thereby further enhancing the development momentum of related business segments. Furthermore, in terms of operation and management, the Group pursued continuous advancements in automation, informatization, and intelligent construction. By optimizing production processes and management procedures, it continuously improved overall operational efficiency and refined management levels, thus further consolidating its industrial foundation and enhancing its core competitiveness.

Benefiting from the aforementioned measures, all major business segments of the Group experienced varying degrees of growth during the Reporting Period. The telecoms cable business recorded the most significant growth, while the new energy vehicle product business also demonstrated robust growth. Overall, the Group's operating performance maintained a steady upward trend. Below are the key achievements of the Group during the Reporting Period:

1. Strengthened R&D and innovation capabilities to promote product upgrades

During the Reporting Period, the Group continued to increase its R&D investment, concentrating on the development needs of the electronic communications and new energy power industries, continuously promoting key technology breakthroughs and product iteration upgrades, and continuously improving the construction of the R&D system and enhancing the efficiency of converting technological achievements. In terms of product innovation, the Group successfully developed single-channel 448G high-speed communication cable samples, which were delivered to key customers for verification, positioning the product technology at the forefront of the industry. The independently developed 750kV electrical cable accessories have passed factory testing, marking a further breakthrough in the Company's R&D capabilities for cable accessories in the ultra-high

Management Discussion and Analysis

voltage field. The Group's heat-shrinkable materials have achieved notable advancements in high-end sectors such as new energy and medical applications, with a steadily increasing sales share. In terms of R&D management, the Group continuously optimized its R&D processes, introduced digital tools, and promoted intelligent construction within R&D management. These initiatives effectively improved the R&D management level, accelerated the new product development process, and further enhanced product development efficiency alongside technological innovation capabilities. At the same time, the Group closely aligned its efforts with market demand to facilitate the conversion of technological achievements into practical applications. It strengthened communication and collaboration with key customers in the product design and R&D stages, fostering deep integration between technological innovation and product application. In terms of team building, the Group continued to bolster its R&D talent pool by recruiting high-end R&D technical experts and deepening partnerships with renowned domestic universities, thereby creating a stable echelon of R&D talent.

2. Deepened market layout and seized industry development opportunities

During the Reporting Period, the Group actively seized development opportunities within the electronic communications and new energy power industries, continuously promoted market expansion and business layout, and optimized its customer structure to enhance brand influence and market competitiveness. In terms of market expansion, the Group closely monitored downstream industry development trends, leveraging its core product advantages to promote products and provide technical services. This approach allowed the Group to expand product application scenarios and steadily increase its market share. Meanwhile, the Group continuously optimized its sales network layout, gradually transitioning from a primary focus on expanding sales coverage to delivering in-depth services for key regions and customers. By strengthening its market cultivation and service capabilities, the Group tapped into market potential and supported steady business growth. Regarding key businesses, the Group keenly grasped the market opportunity presented by the rapid demand growth for high-speed communication cables, promptly increased resource investment, and optimized resource allocation to accelerate the development of the telecoms cable business, resulting in the formation of new business growth points. In overseas markets, the Group sought development opportunities and planned to expand its production bases in Malaysia and Vietnam. By enhancing the layout of its overseas production bases, the Group aimed to better serve overseas customers and improve its global supply capabilities.

Management Discussion and Analysis

3. *Promoted lean production management and continuously improved operational efficiency*

During the Reporting Period, the Group continued to advance the development of a lean production and operations management system, adhering to the principle of simultaneously improving quality and efficiency while controlling costs. It implemented various optimization measures in production management. In manufacturing, the Group focused on improving production efficiency and ensuring product quality consistency by promoting production process optimization, upgrading equipment automation, and adopting intelligent production systems. Additionally, it further enhanced production operational efficiency and manufacturing management levels through reinforced production planning and process management. In cost management, the Group further refined its cost control system, effectively reducing procurement costs through continuous optimization of inquiry and bidding procurement strategies. It strengthened material management, energy management, and production process control to enhance resource utilization efficiency. By conducting comprehensive multi-dimensional benchmarking analysis of similar products across various bases, the Group identified the optimal production cost solution for broad implementation. This approach promoted the unification of production standards for similar products across bases, leading to reduced production costs and improved production efficiency. In terms of base collaboration, the Group strengthened the linkage management among its various production bases, coordinating the complementary advantages of different production bases and aligning production capacity. It also promoted the continuous optimization of production management models through experience sharing, technical training, and process standardization, facilitating the replication and promotion of successful cases and practices across bases, further improving overall production operational efficiency and supply chain collaboration capabilities.

4. *Promoted digital transformation and improved management and operational efficiency*

The Group continued to advance the development of its digital and information systems, focusing on data management, system integration, and intelligent applications. It constantly improved its digital and information infrastructure, further enhancing operational and management efficiency through a blend of independent research and development and external adoption. During the Reporting Period, the Group successfully completed the private deployment of DeepSeek and Dify, actively exploring the application of AI large language models (LLM) in enterprise management, and built a

Management Discussion and Analysis

local knowledge base to strengthen knowledge management and intelligent office capabilities, ultimately improving work efficiency with AI technology. A secure encryption software system was also launched to elevate the security protection level of the Group's core data and technical information, laying a solid security foundation for the Group's digital construction.

In addition, the Group consistently promoted the construction of multiple digital and intelligent applications covering business and financial processes based on its development plan and actual business needs, deepening data application in specific project implementation scenarios, thus providing solid digital support for the Group's business development and management upgrade.

5. *Improved governance and incentive mechanisms to stimulate organizational development vitality*

During the Reporting Period, the Company continued to improve its corporate governance system and optimize its long-term incentive mechanism, enhancing both standardized operation level and organizational vitality, providing institutional support and talent-driven momentum for the Company's steady development. Regarding corporate governance, the Company completed the restructuring of its supervisory board, refined the working mechanisms of the Board of Directors and specialized committees, and continuously improved governance efficiency and decision-making quality. Simultaneously, in line with the regulatory requirements following the Company's H-share listing, the Company systematically reviewed and revised its internal governance and management systems, further improving its corporate governance framework and enhancing its standardized operation level and international governance capabilities. In terms of risk management, the Company reinforced internal supervision and risk prevention and control mechanisms, continuously improving its risk identification and control capabilities through internal and external audit collaboration and key area supervision and inspection, ensuring that the Company's business activities were conducted in a standardized and orderly manner. Additionally, to further establish and improve its long-term incentive mechanism, the Company implemented the 2025 Restricted Share Scheme and 2025 Share Option Scheme during the Reporting Period. These initiatives closely aligned the interests of core management personnel and key business personnel with the Company's long-term development, further boosting employee motivation and innovation, enhancing team cohesion and stability, and providing a solid talent foundation to support the Company's continued steady development.

Management Discussion and Analysis

6. *Successfully achieved H Shares listing, entering a new stage in the international capital market*

During the Reporting Period, the Company actively progressed towards the issuance of overseas listed foreign shares (H Shares) and their listing on the Main Board of the Hong Kong Stock Exchange. Upon approval, the 139,988,800 H Shares issued by the Company were successfully listed and traded on the Main Board of the Hong Kong Stock Exchange on February 13, 2026. This milestone marks the Company's official debut as a dual-listed A+H company, signifying a new chapter in its development in the capital markets.

The listing in Hong Kong further has broadened the Company's financing channels, providing diversified financial support for future technology R&D, capacity building, and global market expansion. Furthermore, the Company systematically reviewed and improved its corporate governance structure and related systems during the listing preparation and issuance process, further enhancing its standardized operation and promoting better alignment between corporate governance and international capital market rules. By entering the international capital market, the Company has further enhanced its brand influence and international presence, creating favourable conditions to advance its globalization strategy and expand into overseas markets.

In summary, through the continuous implementation of various operational measures, the Group's operating scale and profitability maintained steady growth in 2025, leading to an overall improvement in its operating performance. During the Reporting Period, the Group achieved revenue of RMB8,442.5 million, representing an increase of 22.00% compared to the same period last year; a profit for the year attributable to owners of the Company of RMB1,143.9 million, representing an increase of 34.96% compared to the same period last year.

Management Discussion and Analysis

II. Outlook for Future Development of the Group

(I) The industry landscape and trends in which the Group operates

1. Electronics and telecoms industries

The rapid development of industries such as new energy, rail transportation, and intelligent manufacturing is driving improvements in electrical equipment safety protection standards. High-performance electronic materials, with their superior insulation, corrosion resistance, and waterproof protection, can effectively improve the operational stability and service life of electrical systems. As leading companies in the industry continue to increase R&D investment and enhance material performance and customized support capabilities, related products are swiftly penetrating high-tech, high-value-added fields such as aerospace, medical, and rail transportation. This expansion of application scenarios is generating new growth momentum for the electronic materials market. The Group holds a leading market share in China for electronic materials products, particularly within traditional fields such as electrical appliances and electronic components, while also increasing its presence in highend sectors. In the future, the Group will continue to focus on three key areas: R&D innovation, production optimization, and market expansion. Leveraging its solid foundational capabilities, the Group will constantly optimize its product structure, improve product performance, and actively promote industrial technology upgrades and high-end applications. It will advance digital and intelligent transformation and build a lean supply chain manufacturing system to reduce costs and increase efficiency. By fully leveraging its brand advantages, the Group will continue to cultivate advantageous markets and strive to tap into emerging markets.

The communication cable industry as a whole has experienced stable growth, driven by the growth of global data traffic, the deepening of digital transformation, and the increasing diversification of application scenarios. In the field of high-speed communication, the explosive demand for and rapid iteration of AI computing power has driven the continuous expansion of global computing centers, placing higher demands on data transmission efficiency, cost control, and reliability. Within computing centers, short-distance interconnection between servers and switches is the primary scenario, where high-speed copper cables, with their superior highfrequency performance, significant cost advantages, and high reliability, possess a strong competitive edge. Currently, computing power has become a core strategic resource in global technological competition, and leading domestic and international technology companies are

Management Discussion and Analysis

continuously increasing their investment in computing infrastructure, laying a broad and solid foundation for the large-scale application of high-speed copper cables. In the field of automotive communication, the accelerated adoption of advanced driver assistance systems and the growing demand for highspeed, high-bandwidth in-vehicle applications such as high-definition displays, streaming media, and multi-zone audio are driving the increase in demand for automotive Ethernet, effectively propelling significant growth in the automotive communication cable market. To position itself within the high-end product market, the Group will focus on developing emerging application areas, including high-speed communication cables, automotive communication cables, and industrial electronic cables. We will increase investment in technological innovation resources, emphasizing R&D and the accumulation of core business technologies. By optimizing our marketing system and market positioning, along with concentrating on the structural optimization of communication cable products, the Company aims to consolidate its competitiveness and improve profitability.

2. *New energy power industry*

With the large-scale integration of renewable energy into the grid and the rapid upgrading of power transmission networks towards digitalization and intelligence, the power system is imposing higher demands on the safety, reliability, and operational efficiency of transmission and distribution equipment. In December 2025, the National Development and Reform Commission (NDRC) and the National Energy Administration (NEA) issued the "Guiding Opinions on Promoting High-Quality Development of the Power Grid" (《關於促進電網高質量發展的指導意見》), clearly stating that by 2030, a new type of power grid platform will be initially established, with the main power grid and distribution network serving as important foundations and smart microgrids as a beneficial supplement, emphasizing the need for increased investment in the power grid construction. To implement the national strategic deployment for promoting high-quality development of the power grid, investments in the power grid sector continue to increase, which will strongly drive the sustained growth of market demand in the cable accessories industry. In the future, the Company will continue to promote a technology-driven strategy, improve the technological content of its products, perfect its product series, advance the process of intelligent products, and continue to dedicate itself to the development of high-voltage and multi-functional cable accessories. It will actively seek development opportunities in overseas markets, gradually penetrating the international market in a targeted manner to achieve steady growth in power products.

Management Discussion and Analysis

With the continuous surge in the production and sales of new energy vehicles, coupled with strong national policy support for the construction of electric vehicle charging infrastructure, charging infrastructure is set for rapid quantitative growth. In September 2025, the NDRC, NEA, the Ministry of Industry and Information Technology (MIIT), and other departments jointly issued the "Three-Year Action Plan for Doubling the Service Capacity of Electric Vehicle Charging Facilities (2025–2027)" (《電動汽車充電設施服務能力「三年倍增」行動方案(2025–2027年)》). This plan clearly states that by the end of 2027, 28 million charging facilities will be constructed nationwide, with a public charging capacity of over 300 million kilowatts, capable of meeting the charging needs of more than 80 million electric vehicles, ultimately achieving a doubling of charging service capacity. High-quality development will also drive the existing market into a large-scale "trade-in" cycle, injecting strong growth momentum into the electric vehicle charging gun industry. In the field of battery safety protection, with the ongoing rapid development of the new energy vehicle industry, the power battery industry is also showing strong growth momentum. In April 2025, the MIIT issued the "Safety Requirements for Power Batteries for Electric Vehicles" (《電動汽車用動力蓄電池安全要求》), changing the requirement that power batteries "must not catch fire or explode" (不起火、不爆炸) to a mandatory requirement, which is known as the "strictest battery safety order in history".

In light of this, leading battery manufacturers are accelerating their deployments, launching products that comply with the new national standards, and seizing the high ground in safety technology, leading to a continuous optimization and upgrading of the industry's competitive landscape. The Group will continue to focus on key products, maintain its competitive advantage in the domestic DC charging gun market, closely follow market and customer needs to provide customized development, and continue to advance the development projects of high-current fast charging gun products and materials, such as liquid-cooled charging guns. It will also continue to expand partnerships with automotive companies, increase the engagement with mainstream customers, and use charging sockets as a gateway to further explore high-voltage connectors, vehicle high-voltage wiring harnesses, and other business areas, thereby strengthening the depth and breadth of cooperation with automakers. The Group will always adhere to a strategy centered around technological and differentiated competition, improving product reliability and consistency, further advancing structural adjustments, and optimizing its business layout, thereby enhancing its market competitiveness.

Management Discussion and Analysis

(II) Future development strategy and business plan for the Group

In 2026, the Group will maintain its focus on two core businesses of "electronic communications + new energy power", strengthen its commitment to sustainable growth, solidify the leading positions of its advantageous products in their respective segments, and drive the rapid development of its core business segments. In response to industry trends, the Group will identify and capitalize on development opportunities for supporting products in key industries while continuously optimizing its business structure and resource allocation. It will also plan its international development path, leveraging its H Shares listing platform and overseas production bases to actively explore global business opportunities. The Group will adhere to its differentiated competition strategies, continuously strengthen its technological innovation and market expansion capabilities, and further enhance its comprehensive competitiveness and industry influence in its segmented markets through economies of scale, thereby promoting high-quality, long-term, and stable development.

1. Strategic focus and coordinated development

The Group's strategic layout in the two major fields of electronic communications and new energy power aligns perfectly with national industrial policy guidance, with continuously expanding market space. In the future, the Group will maintain its focus on key business areas such as electronic materials, telecoms cables, electrical cable accessories products, NEV power transmission products, and wind power generation, strategically concentrating on core products in application areas such as data centers, new energy vehicles, and robotics. It will continually optimize its business structure and resource allocation around the core industrial chain while fully leveraging its extensive experience in core businesses and its outstanding market expansion capabilities. It will promote synergistic development between traditional core businesses and new AI businesses and strengthen the diversified complementarity and synergistic effect of its product matrix. By continuously improving its product system and application layout, the Group will bolster its risk resistance and market adaptability brought by its diversified product structure, promote complementary advantages among various business segments in terms of technology, market, and customer resources, and build a development pattern that emphasizes both synergy and efficiency, stability and growth, laying a solid foundation for the Group's long-term sustainable development.

Management Discussion and Analysis

2. *Proactive iteration and continuous innovation*

The Group will continue to strengthen its technology innovation-driven development strategy, proactively plan its R&D direction, and advance the R&D of new products, technologies, and processes across all business segments. It will actively iterate and launch cutting-edge new products to maintain its industry-leading position. Following industry technology trends and focusing on key business areas, the Group will accelerate the commercialization of R&D achievements, continuously advance product iteration and upgrades and develop new products, and expand related application scenarios and market space to further enhance its product technology level and market competitiveness. Furthermore, the Group will continue to improve its R&D system, optimize its R&D management mechanism, strengthen the training and innovation mechanisms for R&D talent, and comprehensively enhance its independent innovation capabilities, thus further consolidating its technological leadership in relevant subsectors.

3. *Key breakthroughs and global expansion*

The Group will continue to deepen its engagement in core industries, focusing on key business areas and niche markets. It will concentrate its resources to achieve breakthroughs in key sectors, strengthen cooperation with key industry clients and leading customers, continually optimize its customer structure, and deepen collaboration. By continuously improving product quality and technical service capabilities, the Group will further enhance strategic synergy with core clients, building stable and long-term partnerships. Building on its domestic market advantages, the Company will steadily advance its overseas market expansion. Through the coordinated development of overseas production bases and the improvement of its global marketing network and service system, we aim to gradually establish a multi-dimensional global operating system encompassing production, sales, and service. This strategy will continuously boost the brand influence and competitiveness of the Group's products in the international market and further expand the Group's business development opportunities.

Management Discussion and Analysis

4. *Improved quality and efficiency for steady and long-term development*

The Group will continue to emphasize refined management and improve efficiency, leveraging the synergistic advantages of its subsidiaries and production bases in terms of market, production capacity, and technology by strengthening resource allocation and internal collaboration, so as to further enhance overall operational efficiency. Looking ahead, the Group will remain guided by digital and intelligent transformation, advancing the development of information systems and the intelligent upgrading of manufacturing. It will continuously optimize business processes and management systems to drive sustained improvements in production, operation, and management efficiency. Meanwhile, the Group will continue to improve its corporate governance structure and internal management system. By seizing opportunities in the capital market, we aim to continually elevate our standardized operation levels and management capabilities, providing a solid foundation for the Group's high-quality, long-term, and stable development.

III. Risks Faced by the Group and the Countermeasures

(I) Macroeconomic & Policy Risks

The Group's industry is closely linked to the national macroeconomic environment and industrial policies. Macroeconomic fluctuations or state-level adjustments to industrial policy and sectoral direction, may affect the Group's production, operations and market demand, thereby creating uncertainty in its operating performance.

The Group will closely monitor national macroeconomic policies and market dynamics, strengthen policy research and industry analysis, and enhance the foresight and flexibility of its strategic planning. At the same time, by optimising its product mix, expanding application areas and broadening its customer base, the Group will bolster its ability to weather cyclical fluctuations, with a view to pursuing steady, sustainable development.

(II) Market Competition Risk

As market competition intensifies, if the Group fails to continuously improve product technology, performance and service quality, or struggles to accurately anticipate industry trends and shifts in customer demand, it may suffer erosion of market share and margin pressure.

Management Discussion and Analysis

The Group will thoroughly study the competitive landscape and remain committed to the business philosophy of "customer-oriented approach centred on high quality and excellent service". It will continue to optimise product structure, enhance product quality, strengthen cost control and brand building, thereby improving customer retention. At the same time, the Group will adopt flexible market strategies, explore diversified marketing models, further expand market presence and consolidate its competitive advantages.

(III) Raw-Material Price Volatility Risk

The Group's principal raw materials are copper and petroleum-derived products, which represent a significant proportion of finished-product costs, and are relatively sensitive to international commodity-market volatility. Significant price swings could undermine the Group's cost control and profitability.

The Group will actively track domestic and international price trends for key raw materials, build and maintain effective communication and collaboration with upstream suppliers, and enhance its procurement management and bargaining power for raw materials. It will continue to optimise procurement practices, implement information-based and digital procurement management, and improve supply-chain coordination efficiency. The Group will leverage VBP (Centralized Volume-Based Procurement) to secure better terms and prices, optimise supply-chain resources, strengthen internal cost control, improve material utilisation, and effectively reduce overall procurement costs.

(IV) Management Risk

With ongoing expansion of operations, assets and headcount as the Group accelerates cross-regional and international development, it will face increasingly complex organisational structures and management systems. This elevates requirements for its governance structure, internal control, and managerial capability. Failure to optimise these management mechanisms in a timely manner could hinder both operational efficiency and risk control.

The Group will continuously improve its internal management systems, optimise organisational structures, establish sound long-term incentive mechanisms, focus on talent succession, and enhance refined management and risk mitigation capabilities. It will also commit itself to developing corporate culture, strengthening workforce cohesion and engagement, and using information and digital technologies to improve overall management efficiency.

Management Discussion and Analysis

(V) Technology Risk

With the domestic economy undergoing transformation and upgrading, and given accelerated technological innovation and upgrading in the electronic communications and new energy power sectors, the Group risks technological edge weakening if it fails to keep pace with technical and product developments, or if the conversion of its R&D outcomes falls short of expectations.

The Group will closely keep pace with technological innovation and product iteration, proactively invest in frontier technologies, accelerate the conversion and industrial application of R&D outcomes, and, where appropriate, introduce new technologies and products that shape and lead market demand. It will further deepen partnerships with industrial, academic and research institutions, in order to timely track technological trends and seize potential opportunities. It will also strengthen its R&D teams, raise R&D efficiency, and consolidate its technological leadership by improving R&D incentives.

Management Discussion and Analysis

FINANCIAL REVIEW

The following discussion and analysis are based on our consolidated financial statements prepared in accordance with IFRS Accounting Standards.

REVENUE

The Group's revenue increased by 22.00% from RMB6,920.1 million for the year ended December 31, 2024 to RMB8,442.5 million for the year ended December 31, 2025, mainly due to the varying degrees of growth in revenue from sales of telecoms cables products, NEV power transmission products and electronic material products.

Revenue by product category	2025		2024		Year-on-year increase or decrease
	RMB'000	Proportion	RMB'000	Proportion	
Telecoms cable products	2,550,555	30.21%	1,702,272	24.60%	49.83%
Electronic material products	2,851,375	33.77%	2,599,375	37.56%	9.69%
NEV power transmission products	1,706,069	20.21%	1,381,421	19.96%	23.50%
Electrical cable accessories products	1,027,263	12.17%	926,973	13.40%	10.82%
Wind power	141,517	1.68%	151,724	2.19%	(6.73%)
Others	165,704	1.96%	158,337	2.29%	4.65%
Total	<u>8,442,483</u>	<u>100.00%</u>	<u>6,920,102</u>	<u>100.00%</u>	<u>22.00%</u>

(1) Telecoms cable products

In 2025, the Group's revenue from telecom cable products amounted to RMB2,550.6 million, representing a year-on-year increase of 49.83%, primarily benefiting from the rapid growth in demand from downstream applications such as global data centres, artificial intelligence, high-performance computing and smart vehicles, resulting in robust growth for the Group's telecom cable business.

Management Discussion and Analysis

During the Reporting Period, in response to the rapid release of downstream market demand, the Group continuously increased investment for key products such as high-speed copper cables in the areas of product R&D, market expansion, production capacity building and operational efficiency improvement, further consolidating the foundation for business development. In terms of product R&D, the Group kept close pace with the technological development trends of the industry, accelerated the innovative development and iterative upgrading of high-speed copper cables, built a solid technological barrier, and strengthened its leading position in the industry. During the Reporting Period, continuous innovations were achieved and large-scale deliveries were completed in the category of single-channel 224G high-speed communication cables. Samples of single-channel 448G high-speed communication cables was developed and handed over to key customers for verification, further consolidating the Company's competitive edge in the high-speed copper connection field. In terms of market expansion, the Group concentrated its resources to vigorously expand the markets in key areas such as data centers, intelligent driving, and robots, and continuously strengthened the application expansion of communication cable products in high-growth industries. We continued to deepen cooperation with leading customers in the industry, starting from product customization and R&D, to jointly explore demands, and achieve win-win cooperation. We intensified our efforts to develop new customers, strengthen technical exchanges and demand matching, continuously improve the comprehensive competitiveness of products, and constantly expand the customer base. In terms of capacity building, the Group has introduced multiple imported foam core wire extruders, promoted the expansion of production bases in Huizhou and Vietnam, and significantly increased the capacity of high-speed copper cables. In terms of operational efficiency improvement, the Group has been continuously promoting the construction of automation and intelligence projects. While optimizing processes, improving efficiency, and reducing costs, we have also guaranteed the stability and consistency of products. At the same time, through measures such as equipment improvement, energy conservation and consumption reduction, and optimization of procurement strategies, we have carried out in-depth cost reduction and benefit creation, effectively improving the Company's profitability and business quality against the backdrop of rapid purchase order growth. Through multi-dimensional collaborative efforts, the Group's communication cable business achieved rapid growth in 2025, of which the high-speed copper cable business realized operating revenue of RMB1,016.9 million, representing an increase of 237.99% year-on-year, and becoming a key driving force for the performance improvement of this business segment.

Management Discussion and Analysis

(2) Electronic material products

The revenue of electronic material products of the Group in 2025 was RMB2,851.4 million, representing an increase of 9.69% year-on-year. This was mainly attributed to the Group's promotion of continuous business development in multiple aspects such as R&D and innovation, market expansion, organizational optimization, and intelligent manufacturing during the Reporting Period, which enabled the overall electronic material business to maintain a stable growth trend. In terms of R&D and innovation, the Group closely kept pace with the development trends of the industry, promptly discovered the aligning opportunities of products needed by key industries, and continuously improved the product series matrix. Centering on the demands of different application scenarios and niche fields, we continuously optimized product structure and improved product performance to strengthen the comprehensive adaptability of products in multiple fields and scenarios. In terms of market expansion, the Group, while consolidating its existing advantageous markets, actively explored the extended demands of existing customers. At the same time, it concentrated resources to vigorously develop the incremental demands of emerging key industries such as new energy vehicles, energy storage, medical care, and low-altitude flight. In terms of organizational optimization, each subsidiary of the Group's electronic materials sector adopted an independent operation and joint operation mechanism. They continuously built professional and market-oriented operation teams, improved performance assessment and incentive and restraint mechanisms, and optimized the talent management system. Through scientific evaluation and survival of the fittest mechanisms, they maintained organizational vitality and execution efficiency, and improved the overall work efficiency of the team. In terms of intelligent manufacturing, the Group continuously promoted the intelligent upgrade of production and management processes. It adopted a "Subsidiary + Project" combined model for production management, strengthened process control and data collaboration of production and manufacturing at each base, and achieved dynamic coordination of production capacity and complementary advantages of products among various subsidiaries and different production bases, shortening the delivery cycle, reducing production costs, and improving comprehensive competitiveness.

(3) NEV power transmission products

The revenue of the Group's power transmission products for new energy vehicles in 2025 was RMB1,706.1 million, representing an increase of 23.50% year-on-year, of which the revenue of automotive charging products was RMB1,189.8 million, representing an increase of 33.47% year-on-year. Mainly driven by continuous growth in the production and sales of new energy vehicles and the policies on the construction of charging infrastructure, the Group's new energy vehicle business has maintained a good development trend as a whole.

Management Discussion and Analysis

In 2025, the Group continued to adhere to the competitive strategy of technological leadership and stable quality for its new energy vehicle-related business, constantly widening product categories and promoting product power upgrades to better seize the development opportunities of the industry. In terms of charging gun products, the Group improved the product series of liquid-cooled, air-cooled and other high-current charging guns, focused on the technical optimization of high-current charging gun products, further enhanced the product adaptability, and continuously consolidated the market leading position of GB/T DC charging guns. Meanwhile, the Group intensified its market layout for European and American standard charging gun products, closely monitored changes in overseas policies and market demands, and flexibly adopted multiple measures to expand its overseas market shares. In terms of thermal runaway protection products for power batteries, the Group has taken heat insulation, buffering and insulation products as the major means, further improving product performances, optimizing product processes, and gradually completing product series. During the Reporting Period, the aerogel core material independently developed by the Group achieved mass production. In terms of other products, the Group orderly optimized the product structure of high-voltage connectors, established a full-range high-power product network, focused on potential special vehicle markets such as heavy-duty trucks, logistics vehicles, and electric ships, and continuously expanded the market coverage of its products. At the same time, in order to further seize market opportunities, the Group continuously optimized its production capacity layout. During the Reporting Period, the production bases in Shenzhen and Wuhan were expanded. By coordinating the resources and production capacity layout of each production base, it has continuously improved the overall production capacity scale and production efficiency, providing strong support for the sustainable growth of the new energy vehicle product business.

(4) Electrical cable accessories products

In 2025, the Group's revenue from electrical cable accessories products amounted to RMB1,027.3 million, representing a year-on-year increase of 10.82%, primarily benefiting from the expansion of investment by the State Grid, growing demand for new energy power generation, the steady progress of power infrastructure development, and the favourable outlook for the electrical cable accessories business. Furthermore, leveraging the advantages of its diversified product portfolio and technical services across the industrial chain, the Group provides one-stop electrical solutions. Through its brand strength, product quality, delivery efficiency and high-quality service, it has further consolidated and enhanced its competitive edge in core market segments.

Management Discussion and Analysis

During the Reporting Period, the Group continued to advance its development strategy of driving business growth through technology-driven innovation, lean manufacturing efficiency improvements and market expansion. On technological innovation, and in response to the development of higher grid voltage levels and smart grid requirements, the Group progressed R&D and technical reserves for 750 kV ultra-high-voltage cable accessories, DC cable accessories and grid-intelligence related products, further refining its product portfolio and elevating technical standards. During the Reporting Period, the Group completed research and industry validation of an 80-year service-life, nuclear-safety-grade electrical cable accessory and successfully supplied 500 kV ultra-high-voltage cable accessories for a winning State Grid project. In terms of lean manufacturing, the Group advanced intelligent manufacturing upgrades by introducing fully automated production equipment, implementing equipment networking and data collection, and strengthening production process management and quality control. Meanwhile, these measures continued to enhance production efficiency and delivery capability at the Wuhan manufacturing base, underpinning scalable business growth. On market expansion, the Group deepened application deployment of electrical cable accessories across key sectors including power transmission and distribution, rail transit, nuclear power and new energy generation, while steadily advancing overseas market development to broaden product market coverage.

(5) Wind power

In 2025, the Group's revenue from wind power amounted to RMB141.5 million, representing a year-on-year decrease of 6.73%, primarily due to lower output and power curtailment. The aggregate capacity of the Qingdao Wind Power Hetoudian (青島風電河頭店), Dongdazhai (東大寨) and Heya wind farms (河崖風電場) was 144.2 MW, with grid-connected electricity generation for 2025 reaching 283 million kWh, representing a decrease of 13 million kWh compared with the same period last year.

Management Discussion and Analysis

COST OF SALES

The Group's cost of sales increased by 22.28% from RMB4,809.7 million for the year ended December 31, 2024 to RMB5,881.5 million for the year ended December 31, 2025, mainly due to the increase in product sales volume, resulting in a corresponding rise in costs.

Revenue by product category	December 2025		2024		Year-on-year increase or decrease
	RMB'000	Proportion	RMB'000	Proportion	
Telecoms cable products	1,993,958	33.90%	1,423,471	29.60%	40.08%
Electronic material products	1,695,070	28.82%	1,584,253	32.94%	6.99%
NEV power transmission products	1,365,240	23.21%	1,060,214	22.04%	28.77%
Electrical cable accessories products	661,097	11.24%	584,692	12.16%	13.07%
Wind power	55,720	0.95%	49,971	1.04%	11.50%
Others	110,420	1.88%	107,138	2.22%	3.06%
Total	5,881,505	100.00%	4,809,739	100.00%	22.28%

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's gross profit increased by 21.35% from RMB2,110.4 million for the year ended December 31, 2024, to RMB2,561.0 million for the year ended December 31, 2025.

Gross profit by product category	2025		2024		Increase or decrease in gross profit	Change in gross profit margin
	RMB'000	Gross profit margin	RMB'000	Gross profit margin		
Telecoms cable products	556,597	21.82%	278,801	16.38%	99.64%	5.44%
Electronic material products	1,156,305	40.55%	1,015,122	39.05%	13.91%	1.50%
NEV power transmission products	340,829	19.98%	321,207	23.25%	6.11%	(3.27%)
Electrical cable accessories products	366,166	35.64%	342,281	36.92%	6.98%	(1.28%)
Wind power	85,797	60.63%	101,753	67.06%	(15.68%)	(6.43%)
Others	55,284	33.36%	51,199	32.34%	7.98%	1.02%
Total	2,560,978	30.33%	2,110,363	30.50%	21.35%	(0.17%)

Management Discussion and Analysis

The gross profit margin of the Company decreased from 30.50% for the year ended December 31, 2024 to 30.33% for the year ended December 31, 2025. Specifically, the gross profit margin of electronic materials products was 40.55%, representing an increase of 1.50% compared with the same period last year; the gross profit margin of electrical cable accessories products was 35.64%, representing a decrease of 1.28% compared with the same period last year; the gross profit margin of telecoms cable products was 21.82%, representing an increase of 5.44% compared with the same period last year; the gross profit margin of NEV power transmission products was 19.98%, representing a decrease of 3.27% compared with the same period last year; the gross profit margin of wind power was 60.63%, representing a decrease of 6.43% compared with the same period last year.

The increase in the gross profit margin of electronic material products was mainly due to the decline in raw material procurement costs and the increase in the sales proportion of high-margin dual-wall tubing and medical tubing. The decrease in the gross profit margin of electrical cable accessories products was mainly due to the changes in the sales structure and the reduction in sales unit prices during the Reporting Period. The increase in the gross profit margin of telecoms cable products was mainly due to the increase in the sales proportion of high-speed communication cables with higher gross profit margins. The decrease in the gross profit margin of NEV power transmission products was mainly due to the reduction in unit prices to capture market share. The decrease in the gross profit margin of wind power was mainly due to the decrease in production.

OTHER INCOME, GAINS AND LOSSES

The Group's other income, gains and losses decreased from the net gain of RMB91.9 million for the year ended December 31, 2024 to a net gain of RMB79.9 million for the year ended December 31, 2025, mainly due to the decrease in interest income and exchange gains.

SELLING EXPENSES

The Group's selling expenses increased by 10.00% from RMB353.6 million for the year ended December 31, 2024, to RMB388.9 million for the year ended December 31, 2025, mainly due to the growth in revenue, which led to a corresponding increase in selling expenses, principally employee remuneration and other related costs.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses decreased by 9.43% from RMB345.7 million for the year ended December 31, 2024 to RMB313.1 million for the year ended December 31, 2025, mainly due to the decrease in impairment losses on goodwill.

Management Discussion and Analysis

RESEARCH AND DEVELOPMENT EXPENSES

The Group's research and development expenses increased by 27.96% from RMB348.7 million for the year ended December 31, 2024 to RMB446.2 million for the year ended December 31, 2025, mainly due to the increase in employee remuneration, and materials for R&D testing.

FINANCE COSTS

The Group's finance costs decreased from RMB60.4 million for the year ended December 31, 2024 to RMB54.3 million for the year ended December 31, 2025, primarily due to reduced interest expenses.

IMPAIRMENT LOSSES ON FINANCIAL ASSETS, NET

Impairment losses on financial assets, net of the Group decreased from RMB29.9 million for the year ended December 31, 2024 to RMB20.8 million for the year ended December 31, 2025, primarily due to the reduction in expected credit losses of financial assets.

SHARE OF RESULTS OF ASSOCIATES

The Group's share of results of associates represents its proportionate share of the net profit or loss of associates over which the Group has significant influence but not control. The Group's share of results of associates amounted to RMB9.8 million for the year ended December 31, 2024 and RMB5.8 million for the year ended December 31, 2025.

INCOME TAX EXPENSE

The Group's income tax expense increased from RMB153.4 million for the year ended December 31, 2024 to RMB200.9 million for the year ended December 31, 2025, primarily due to the increase in revenue, which led to an increase in total profit and consequently a rise in enterprise income tax.

PROFIT FOR THE YEAR

As a result of the foregoing, the Group's profit for the year increased by 32.61% from a profit of RMB920.5 million for the year ended December 31, 2024 to a profit of RMB1,220.7 million for the year ended December 31, 2025.

Management Discussion and Analysis

CASH FLOW

	2025 RMB'000	2024 RMB'000	Year-on-year change
Net cash generated from operating activities	1,238,846	942,949	31.38%
Net cash used in investing activities	(750,821)	(591,112)	27.02%
Net cash used in financing activities	(74,235)	(349,464)	(78.76%)
Net increase in cash and cash equivalents	413,790	2,373	17,337.42%
Cash and cash equivalents at the beginning of the year	877,485	879,070	(0.18%)
Effect of foreign exchange rate changes, net	(3,251)	(3,958)	(17.86%)
Cash and cash equivalents at the end of the year	1,288,024	877,485	46.79%

Net cash generated from operating activities: Net cash generated from operating activities of the Group for the year ended December 31, 2025 was RMB1,238.8 million, representing an increase of 31.38% as compared with the same period last year, primarily due to the growth in revenue and the increase in profit before tax.

Net cash generated from investing activities: Net cash used in investing activities of the Group for the year ended December 31, 2025 amounted to RMB750.8 million, representing an increase of 27.02% as compared with the same period last year, primarily due to the increase in cash paid for the acquisition of fixed assets, intangible assets and other long-term assets.

Net cash generated from financing activities: Net cash used in financing activities of the Group for the year ended December 31, 2025 amounted to RMB74.2 million, representing a decrease of 78.76% as compared with the same period last year, primarily attributable to the increase in borrowings and a decrease in repayments this year, which resulted in higher net cash inflow from borrowings.

Management Discussion and Analysis

FINANCIAL POSITION

	As at 31 December					
	2025		2024		Year-on-year change in amount	Year-on-year increase/decrease in percentage
	RMB'000	Proportion	RMB'000	Proportion		
NON-CURRENT ASSETS						
Property, plant and equipment	3,946,339	69.22%	3,055,160	65.09%	29.17%	4.13%
Right-of-use assets	676,425	11.87%	487,622	10.39%	38.72%	1.48%
Goodwill	694,828	12.19%	694,828	14.80%	—	(2.61%)
Trade and other receivables	161,415	2.83%	113,318	2.41%	42.44%	0.42%
CURRENT ASSETS						
Inventories	1,232,758	18.79%	865,307	15.63%	42.46%	3.16%
Trade and other receivables	3,909,482	59.60%	3,465,350	62.59%	12.82%	(2.99%)
Financial assets at fair value through profit or loss	53,787	0.82%	145,169	2.62%	(62.95%)	(1.80%)
Bank balances and cash	1,288,024	19.64%	967,510	17.47%	33.13%	2.17%
CURRENT LIABILITIES						
Trade and other payables	2,458,520	58.13%	1,899,931	65.86%	29.40%	(7.73%)
Bank and other borrowings	1,538,917	36.38%	774,452	26.85%	98.71%	9.53%
Lease liabilities	38,192	0.90%	32,980	1.14%	15.80%	(0.24%)
Contract liabilities	94,702	2.24%	79,306	2.75%	19.41%	(0.51%)
NON-CURRENT LIABILITIES						
Bank and other borrowings	806,381	65.75%	901,473	74.05%	(10.55%)	(8.30%)
Lease liabilities	221,399	18.05%	193,410	15.89%	14.47%	2.16%
Total non-current assets of the Group	5,700,942		4,693,436		21.47%	
Total current assets of the Group	6,559,625		5,536,890		18.47%	
Total current liabilities of the Group	4,229,666		2,884,640		46.63%	
Total non-current liabilities of the Group	1,226,409		1,217,357		0.74%	
Net assets of the Group	6,804,492		6,128,329		11.03%	
Gearing ratio	19.35%		15.25%			

Management Discussion and Analysis

The Group's total non-current assets increased from RMB4,693.4 million as of December 31, 2024 to RMB5,700.9 million as of December 31, 2025, primarily due to additions to fixed assets, plant and equipment.

The Group's total current assets increased from RMB5,536.9 million as of December 31, 2024 to RMB6,559.6 million as of December 31, 2025, primarily attributable to increases in inventories, trade and other receivables, and bank deposits.

The Group's total current liabilities increased from RMB2,884.6 million as of December 31, 2024 to RMB4,229.7 million as of December 31, 2025, primarily due to increases in trade and other payables and bank borrowings.

The Group's total non-current liabilities increased from RMB1,217.4 million as of December 31, 2024 to RMB1,226.4 million as of December 31, 2025, primarily attributable to an increase in deferred tax liabilities arising from preferential policies on accelerated depreciation of fixed assets, an increase in deferred income due to incremental government grants, and an increase in lease liabilities resulting from additional long-term leases.

The Group's net assets increased from RMB6,128.3 million as of December 31, 2024 to RMB6,804.5 million as of December 31, 2025, primarily due to the increase in net profit.

DEBT GEARING RATIO

During the year, the debt gearing ratio was used to monitor the Group's debt position. The ratio is calculated as net debt divided by total equity. Net debt comprises all bank loans and other borrowings, less cash and cash equivalents. As of December 31, 2025, the Group's debt gearing ratio was 19.35% (December 31, 2024: 15.25%).

Management Discussion and Analysis

INVENTORIES

The Group's inventories primarily comprise finished goods, raw materials and consumables, and work in progress, which increased from RMB865.3 million as of December 31, 2024 to RMB1,232.8 million as of December 31, 2025, primarily due to the growth in revenue and the rapid increase in orders during the Reporting Period. The Group increased inventories of raw materials, work in progress and finished goods to ensure timely delivery.

Items	December 31, 2025 RMB'000			December 31, 2024 RMB'000		
	Book balance	Inventory write-downs or provision for impairment of contract performance cost	Book value	Book balance	Inventory write-downs or provision for impairment of contract performance cost	Book value
Raw materials and consumables	505,146	(25,217)	479,929	308,047	(15,430)	292,617
Work in progress	47,945	—	47,945	27,532	—	27,532
Finished goods	743,404	(38,520)	704,884	570,967	(25,809)	545,158
Total	<u>1,296,495</u>	<u>(63,737)</u>	<u>1,232,758</u>	<u>906,546</u>	<u>(41,239)</u>	<u>865,307</u>

TRADE AND OTHER RECEIVABLES

The Group's trade and other receivables primarily represent trade receivables and bills receivable, which represent receivables arising from the sales of products and provision of services to our customers, and other receivables, primarily comprising deposits and prepayments for raw materials. The Group's trade and other receivables increased from RMB3,578.7 million as of December 31, 2024 to RMB4,070.9 million as of December 31, 2025, primarily due to an increase in trade receivables resulting from the increase in revenue.

Management Discussion and Analysis

PROPERTY, PLANT AND EQUIPMENT

The Group's property, plant and equipment primarily consist of buildings, plant and machinery, electricity generation and related equipment, leasehold improvements, motor vehicles and construction in progress. The Group's property, plant and equipment increased from RMB3,055.2 million as of December 31, 2024 to RMB3,946.3 million as of December 31, 2025, primarily due to the additions in plant and machinery and construction in progress purchases for the expansion of the telecoms cables business.

GOODWILL

The Group's goodwill arose from the acquisitions of CYG Electronics. The carrying amount of goodwill remained unchanged at RMB694.8 million as of December 31, 2024 and December 31, 2025.

RIGHT-OF-USE ASSETS

The Group's right-of-use assets primarily consist of land use rights and leased properties. The Group's right-of-use assets increased from RMB487.6 million as of December 31, 2024 to RMB676.4 million as of December 31, 2025, primarily due to the telecoms cable segment's expansion, which added leased plants in Vietnam, and the renewed plant leases in the Huizhou area.

TRADE AND OTHER PAYABLES

The Group's trade and other payables primarily consist of trade and bills payables in relation to purchase of raw materials from suppliers, and other payables comprising amounts due for purchase of property, plant and equipment, and employee compensation payables. The Group's trade and other payables increased from RMB1,899.9 million as of December 31, 2024 to RMB2,458.5 million as of December 31, 2025, primarily due to an increase in the Company's inventories, as well as higher balances of trade and bills payables in the Reporting Period.

Management Discussion and Analysis

EQUITY INSTRUMENTS AT FVTOCI/FINANCIAL ASSETS AT FVTPL

The Group's equity instruments at FVTOCI decreased from RMB175.8 million as of December 31, 2024 to RMB44.8 million as of December 31, 2025, primarily due to the disposal of investments in financial assets such as shares in Yangzhou Shuguang Cable Co., Ltd. (揚州曙光電纜股份有限公司) and certain shares in CYG Technology Group Co., Ltd. (長園科技集團股份有限公司) during the Reporting Period. The Group's Financial assets at FVTPL consisted of wealth management products held in banks during the Record Period, which decreased from RMB145.2 million as of December 31, 2024 to RMB53.8 million as of December 31, 2025, primarily due to the redemption of structured deposits purchased during the Reporting Period.

CONTRACT LIABILITIES

The Group's contract liabilities increased from RMB79.3 million as of December 31, 2024 to RMB94.7 million as of December 31, 2025, primarily due to the increase in advance receipts at year end.

LEASE LIABILITIES

The Group's lease liabilities increased from RMB226.4 million as of December 31, 2024 to RMB259.6 million as of December 31, 2025, primarily attributable to the telecoms cable segment's expansion, which added leased plants in Vietnam, and the renewed plant leases in the Huizhou area.

CAPITAL STRUCTURE, LIQUIDITY AND CAPITAL RESOURCES

The Group's total assets increased from RMB10,230.3 million as of December 31, 2024 to RMB12,260.6 million as of December 31, 2025. The Group's total liabilities increased from RMB4,102.0 million as of December 31, 2024 to RMB5,456.1 million as of December 31, 2025. The gearing ratio rose from 31.04% as of December 31, 2024 to 38.28% as of December 31, 2025. The Group's current ratio, being current assets divided by current liabilities as of the respective date, decreased from 1.92 times as of December 31, 2024 to 1.55 times as of December 31, 2025.

Historically, the Group has primarily relied on cash generated from operations and bank loan financing to meet its working capital needs and capital expenditures. The Group maintains sufficient cash and cash equivalents to ensure capital flexibility. The Group's cash and cash equivalents mainly comprise bank deposits and cash. The Group's cash and cash equivalents increased from RMB877.5 million as of December 31, 2024 to RMB1,288.0 million as of December 31, 2025, primarily due to cash inflows generated from the increase in net cash flows from operating activities, as well as the increase in net inflows from borrowings under financing activities supplemented the funding, which was partially offset by the expansion of net cash outflows from investing activities. The Group's cash and cash equivalents are mainly denominated in RMB.

Management Discussion and Analysis

The Group's bank and other borrowings increased from RMB1,675.9 million as of December 31, 2024 to RMB2,345.3 million as of December 31, 2025, primarily due to additions in short-term borrowings. The maturities of borrowings range from 2026 to 2035. As at December 31, 2025, all borrowings of the Group were denominated in RMB (December 31, 2024: denominated in RMB). The interest on bank borrowings is charged at both fixed and floating rates. Among them, the borrowings with a fixed rate was approximately RMB405.2 million, and the borrowings with a floating rate was approximately RMB1,535.8 million.

TREASURY POLICY

The Group adopts a prudent financial management approach towards its treasury policy. The Board will closely monitor the liquidity position of the Group to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

CAPITAL EXPENDITURE

The Group's capital expenditure mainly comprises purchases of property, plant and equipment and other asset items that related to capacity expansion. The Group's capital expenditure increased from RMB519.1 million as of December 31, 2024 to RMB1,071.5 million as of December 31, 2025, mainly due to the construction of the Huizhou Shuikou Plant and the expansion of telecoms cable production lines.

FOREIGN EXCHANGE RATE AND HEDGING

The Group undertakes certain transactions denominated in foreign currencies, which expose us to foreign currency risk. The Group currently does not use derivative financial instrument to hedge the foreign exchange risk. The Group manages the foreign currency risk by closely monitoring the movement of the foreign exchange rate. The Group's foreign currency monetary assets are mainly from trade and other receivables and bank balances and deposits, and our foreign currency monetary liabilities are mainly from trade and other payables.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2025, the Group's outstanding capital commitments in respect of fixed assets amounted to approximately RMB943.9 million (December 31, 2024: approximately RMB470.6 million). As of December 31, 2025, the Group had no material contingent liabilities.

Management Discussion and Analysis

PLEDGE OF ASSETS

	December 31, 2025	December 31, 2024	
Pledged Items	RMB' 000	RMB' 000	Reason for Restriction
Property, plant, and equipment	484,371	409,796	Pledge of borrowings
Right-of-use assets	95,984	54,615	Pledge of borrowings
Pledged bank deposits	34,028	59,489	Security for bills payable
Trade and other receivables	378,653	349,196	Security for bills payable
Total	993,036	873,096	

As of December 31, 2025, the property, plant and equipment and right-of-use assets of the Group with carrying amounts of RMB484.4 million and RMB96.0 million (as of December 31, 2024: RMB409.8 million and RMB54.6 million) respectively were pledged as guarantees for borrowings obtained by the Group. As of December 31, 2025, the bank deposits of the Group in the amount of RMB34.0 million (as of December 31, 2024: RMB59.5 million) were pledged as security for bills payable. As of December 31, 2025, the trade and other receivables of the Group in the amount of RMB378.7 million (as of December 31, 2024: RMB349.2 million) were pledged as security for bills payable.

Saved as disclosed above, the Group did not have any other pledged assets as of December 31, 2025.

SUBSEQUENT EVENTS

On February 13, 2026, the Company issued 139,988,800 H Shares at the price of HK\$20.09 per Share, which are listed on the Main Board of the Hong Kong Stock Exchange, with total proceeds of approximately HK\$2,812.4 million (approximately RMB2,497.0 million).

Save as disclosed in this report, there were no other material subsequent events of the Group after December 31, 2025 and up to the date of this report.

Management Discussion and Analysis

EMPLOYEE INFORMATION AND COMPENSATION POLICY

The Group employed a total of approximately 8,735 employees as of December 31, 2025 and employed a total of 7,506 employees as of December 31, 2024. The staff costs of the Group were approximately RMB1,374.6 million during the Reporting Period. The following table details the breakdown of employees by function as of the same date.

Function	Number of Employees	Percentage of Total Employees
Manufacturing	6,153	70.44%
Sales	765	8.76%
Technology	1,061	12.15%
Finance	175	2.00%
Administration	581	6.65%
Total	8,735	100.0%

The Group conscientiously implements laws and regulations such as the Labor Law of the PRC and the Labor Contract Law of the PRC and formulates compensation systems and incentive policies tailored to the actual situation of the enterprise, taking into account its enterprise development strategy, industry characteristics and ability to pay staff costs.

The Group adopts differentiated and standardized compensation systems based on different job sequences such as management, research and development and production workers, which are further divided into performance-based pay system, piece-rate (hourly) pay system, day-rate system based on shift output and other compensation systems. By evaluating the job value of various types of personnel and benchmarking market compensation levels, the Group develops compensation standards with competitive advantages, sets a reasonable hierarchy of personnel compensation levels, determines compensation distribution plans based on job positions and performance, and implements compensation increases and decreases based on performance evaluations, highlighting incentives for key positions in terms of key management personnel, technical and business backbone personnel. Moreover, the Group has implemented incentive mechanisms for innovation projects, patent projects, and management innovation as well as subsidy measures for overseas positions and employee housing, etc. and established and improved compensation incentive policies to promote high-quality and rapid development of the enterprise.

Management Discussion and Analysis

The Company has adopted the 2025 Share Option Incentive Scheme and the 2025 Restricted Share Scheme to incentivize Directors and eligible employees. Details of such schemes are set forth in the section titled Further Information about our Directors and Substantial Shareholders — 5. Employee Incentive Schemes in Appendix IV to the Prospectus.

The remuneration of directors of the Company is determined by the Remuneration and Appraisal Committee of the Board after considering the Group's operating performance, personal performance and comparable market statistics; it is submitted to the Board for consideration and requires approval by the shareholders' meeting. For details of Directors and the five highest paid individuals during the Reporting Period, please refer to Note 12 to the financial statements. For details on remuneration of the Group's senior management during the Reporting Period, please refer to page 80 of this report.

PENSION SCHEMES

The Group only operates defined contribution pension schemes. The employees of the Group's subsidiaries which operate in China are required to participate in central pension schemes operated by the local municipal government and the central government, respectively. These subsidiaries are required to contribute a certain percentage of payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

The Group has no forfeited contributions available (i.e., contributions made by the Group on behalf of employees who left the plan before such contributions were fully vested) to reduce contributions payable in future years or to reduce the Group's current level of contributions to the pension scheme.

SIGNIFICANT INVESTMENTS HELD/FUTURE PLAN FOR SIGNIFICANT INVESTMENTS OR PURCHASE OF CAPITAL ASSETS

As of December 31, 2025, save as disclosed in this report, the Group had no significant investments or any future plan for significant investments or purchase of capital assets.

Management Discussion and Analysis

MATERIAL ACQUISITIONS AND DISPOSALS

On 24 April 2025, the Company convened the 26th meeting of the seventh session of the Board, at which the "Proposal on the Proposed Disposal of Equity Investments" was considered and approved. The Company intends, subject to market conditions, to dispose of its aggregate holdings of 27,560,671 shares in Changyuan Technology Group Ltd., 1,566,193 shares in CGN Nuclear Technology Development Co., Ltd, and 4,552,200 shares in Yangzhou Shuguang Cable Co., Ltd. During the Reporting Period, the Company disposed of a total of 23,679,900 shares of Changyuan Technology Group Ltd., in which it still retained 3,880,771 shares post-disposal and as at the end of the Reporting Period; the Company disposed of a total of 4,552,200 shares of Yangzhou Shuguang Cable Co., Ltd., in which it no longer held any shares thereafter; the Company had not disposed of its shares in CGN Nuclear Technology Development Co., Ltd. As at the date of disclosure in this report, the Company has completed the disposal of the remaining shares in Changyuan Technology Group Ltd. and currently holds only 1,566,193 shares in CGN Nuclear Technology Development Co., Ltd.

On June 18, 2025, the Proposal on Purchasing 25% of the Shares of CYG Electronics (Group) Co., Ltd. was considered and approved at the 30th meeting of the seventh session of the Board held by the Company, whereby the Company intended to purchase 25% of the shares of CYG Electronics held by Changyuan (Nanjing) Intelligent Grid Equipment Co., Ltd. (長園(南京)智能電網設備有限公司) at the price of RMB340 million. The Company completed the business registration change of its purchase of shares on June 30, 2025, and the ratio of shares held by the Company in CYG Electronics was changed from 75% to 100%. The Company paid the purchase price for its purchase of shares as agreed in the agreement during the Reporting Period. This purchase of shares has been completed.

Except as disclosed in this report, the Group had no other material acquisitions and disposals related to its subsidiaries, associates and joint ventures during the Reporting Period.

GEARING RATIO

As of December 31, 2025, the Group's gearing ratio (calculated as total debt at the end of the period divided by total assets, multiplied by 100%) was 21.25%, compared with 18.59% as of December 31, 2024.

Directors and Senior Management

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Zhou Heping (周和平), aged 61, founded the Company in June 1998. He served as the Chairperson of the Board of the Company from June 1998 to October 2019. He previously served as the chief technology officer of the Company, and has served as an executive Director and chairperson of the Board of the Company since June 2025.

He is responsible for the overall management, overall strategic planning, R&D and business development of the Company.

Mr. Zhou acquired a master's degree in science from Changchun Institute of Applied Chemistry Chinese Academy of Sciences in Jilin in July 1991. In December 2004, Mr. Zhou was awarded the title of Senior Engineer by the Human Resources and Social Security Department of Guangdong Province (formerly known as the "Department of Personnel of Guangdong Province").

Ms. Yi Huarong (易華蓉), aged 46, joined the Company in August 2014, and since then she has served as the person in charge of electronic product business operations, corporate culture management as well as investment business, respectively. Since November 2022 to present, she has served as the vice Chairlady of the Board and general manager of the Company. Since June 2025, she was re-designated as Executive Director. She is responsible for the overall management, overall strategic planning, and business development of the Company.

From July 2006 to June 2011, Ms. Yi served as a teacher at Guangdong University of Finance and Economics.

Ms. Yi obtained a bachelor's degree in engineering from Wuhan University in Hubei in June 2003, and further acquired a master's degree in engineering from Wuhan University in Hubei in December 2005.

Mr. Liu Zhanli (劉占理), aged 44, joined the Company in July 2007, and since then he has served as a product engineer, workshop technical director, and workshop production manager, respectively. From August 2019 to December 2021, he served as production manager and was responsible for the production management of the electronic labeling management department and the manufacturing department. From January 2022 to December 2023, he served as deputy director — production at Woer Heat Shrinkable Production and Manufacturing Center, a subsidiary of the Company and was responsible for the management of the thin tube manufacturing department and the labeling management department. Since January 2024, he served as the acting general manager of Shenzhen Heat-Shrinkable, and was responsible for the overall business and operation management of Shenzhen HeatShrinkable. He has served as a Director of the Company since October 2019 and was re-designated as Executive Director in June 2025.

Directors and Senior Management

Mr. Liu obtained a bachelor's degree in science from Hebei Agricultural University in Hebei in June 2004, and further acquired a master's degree in engineering from Hebei University in Hebei in June 2007.

Mr. Xia Chunliang (夏春亮), aged 38, joined the Company in July 2012, and since then he has served as a R&D engineer, director of the electronic product development group and manager of the R&D management department, respectively. In his role as manager of the R&D management department from June 2017 to October 2022, he was responsible for, among other things, coordinating the work of the R&D management department, organizing the formulation of the R&D department's new product development plan and annual key project plan, optimizing the R&D project management system and managing the progress of R&D projects. Since September 2021, he has served as the chairman of LTK Electric Wire (Huizhou) Ltd., a subsidiary of the Company, where he is responsible for the daily operation and technology R&D. He has served as a Director of the Company since June 2020 and was re-designated as Executive Director in June 2025.

Mr. Xia obtained a bachelor's degree in engineering from Shandong University of Science and Technology in Shandong in June 2010, and further acquired a master's degree in engineering from Shandong University of Science and Technology in Shandong in June 2012. In April 2021, Mr. Xia was awarded the title of Senior Engineer by the Human Resources and Social Security Bureau of Shenzhen Municipality (深圳市人力資源和社會保障局).

Ms. Deng Yan (鄧艷), aged 42, joined the Company in July 2010. From January 2017 to December 2020, she served as Woer New Energy and was responsible for financial analysis and financial management of Woer New Energy, a subsidiary of the Company,. From January 2021 to December 2023, she served successively as senior manager and deputy director of the Company's financial management center and was responsible for assisting the finance director of the Company in coordinating and overseeing the financial matters of the Group. Since January 2024, she served as finance director of Woer New Energy, and was responsible for the overall management of the financial matters of Woer New Energy. She has served as a Director of the Company since October 2019 and was re-designated as Executive Director in June 2025.

Ms. Deng obtained a bachelor's degree in economics from Southwest Jiaotong University in Sichuan in June 2007, and further acquired a master's degree in management from Southwest Jiaotong University in Sichuan in January 2010.

NON-EXECUTIVE DIRECTOR

Dr. Li Wenyong (李文友), aged 60, joined the Company as Director in June 2020. In June 2025, he was redesignated as Non-executive Director. He is responsible for providing strategic advice to the management and corporate governance of the Company

Directors and Senior Management

From August 1988 and prior to his pursuit of his doctorate degree, Dr. Li served as a teacher at Taiyuan University of Technology. From May 1999 to present, he has served as a teacher at Nankai University, and currently serves as a professor at the College of Chemistry at Nankai University.

Dr. Li obtained a bachelor's degree in science from Hebei University in Hebei in July 1985, and obtained a master of science degree at the Shaanxi Normal University of Shaanxi Province in June 1988. Dr. Li further acquired a doctorate degree in science from Xiamen University in Fujian in July 1997, and obtained a postdoctorate diploma in biomedical engineering from Southeast University in Jiangsu in May 1999.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zeng Fanyue (曾凡躍), aged 62, first joined the Company as an independent Director in September 2010. He ceased to be an independent Director upon the expiry of his term in October 2016 and having served as an independent Director consecutively for six years, according to then applicable rules of the Shenzhen Stock Exchange, he was ineligible for re-election and reappointment as an independent Director of this Company within twelve months from the expiry date of his consecutive six-year term. Mr. Zeng was re-appointed as an independent Director in December 2018 to fill the vacancy resulting from the resignation of an independent Director, and ceased to serve as an independent Director upon the expiry of his term in October 2019 due to his other business commitment. He was reelected as an independent Director in November 2022 and has held this role since then. In June 2025, he was re-designated as an independent non-executive Director. He is responsible for providing independent advice and judgment to our Board.

Mr. Zeng has previously held positions at the Shenzhen Institute of Certified Public Accountants, Deloitte Hua Yong CPA Firm (德勤華永會計師事務所有限公司) and China Merchants Shekou Industrial Zone Holdings Co., Ltd. Mr. Zeng has also served as an independent director of several listed companies. From July 2019 to May 2022, he served as an independent director of Shenzhen KTC Technology Co., Ltd. (a company listed on the main board of the Shenzhen Stock Exchange, stock code: 001308). Since December 2023, he has served as an independent director of Shenzhen Fuanna Bedding and Furnishing Co., Ltd. (a company listed on the main board of the Shenzhen Stock Exchange, stock code: 002327). Since January 2024, he has served as an independent director of Shenzhen Maxonic Automation Control Co., Ltd (a company listed on the ChiNext of the Shenzhen Stock Exchange, stock code: 300112). Mr. Zeng obtained an associate's degree in accounting through long distance learning from Southwestern University of Finance and Economics in Sichuan in December 1990. He was awarded a Certificate of Qualification as an Accountant by the Ministry of Finance of the People's Republic of China in October 1994, and has been a Certified Public Accountant recognised by the Ministry of Finance of the People's Republic of China since April 1995.

Directors and Senior Management

Although Mr. Zeng, had previously served as an independent director of the Company from September 2010 to October 2016 and from December 2018 to October 2019. He did not serve on the Board from October 2019 to November 2022 which is more than three years. Pursuant to note 2 to the Rule 3.13A of the Listing Rule, he can be considered independent under the Listing Rule.

Ms. Dai Bingjie (代冰潔), aged 35, joined the Company as an independent Director in November 2022. In June 2025, she was re-designated as an independent non-executive Director. She is responsible for providing independent advice and judgment to our Board.

From July 2013 to present, she has successively served as the head of supply chain, head of accounts and legal manager of Yichang Tongshida Transportation Development Co., Ltd. (宜昌通世達交通開發有限公司), a state-owned enterprise, and is currently the operations manager at that company, where she is responsible for supply chain management.

Ms. Dai obtained an associate's degree in June 2011, and graduated from The Open University of China through distance learning in July 2025, majoring in law.

Mr. Wang Dong (王棟), aged 47, was appointed by the Company as an independent non-executive Director in June 2025, with his appointment effective from November 2025. He is responsible for providing independent advice and judgment to our Board.

From May 2011 to May 2019, he served as the deputy general manager of BOCOM International Holdings Company Limited and BOCOM International Securities Limited. From June 2019 to present, he has served as an executive committee member of Soochow Securities (Hong Kong) Financial Holdings Limited. From April 2020 to May 2022, he served as an independent non-executive director of Forgame Holdings Limited (a company listed on the main board of Hong Kong Stock Exchange, stock code: 00484).

Mr. Wang obtained a bachelor's degree in economics from Zhongnan University of Economics and Law in Hubei in June 2000, and obtained a master's degree in economics from Zhongnan University of Economics and Law in Hubei in June 2003, and further acquired a MBA degree from China Europe International Business School in Shanghai in November 2018.

Directors and Senior Management

SENIOR MANAGEMENT

For further details about Mr. Zhou Heping and Ms. Yi Huarong, see “-Board of Directors — Executive Directors” in this section.

Mr. Xiang Keshuang (向克雙), aged 58, joined the Company in February 2003, and has served as the administration manager and director of the Company since then. From September 2010 to present, he has served as vice general manager of the Company.

Mr. Xiang obtained a bachelor's degree in agricultural economics and management from Yangtze University (formerly known as “Hubei Agricultural College”) in Hubei in July 1989. In November 1997, he was awarded the qualification of an economist by the Ministry of Human Resources and Social Security of the People's Republic of China (formerly known as the “Ministry of Personnel of the People's Republic of China”). In July 1992, he was awarded the title of political analyst by Intermediate Evaluation Committee for Professional Positions of Enterprise Political Workers of the Provincial Farm Reclamation Corporation (省農墾總公司企業政工人員專業職務中級評審委員會).

Mr. Yao Chenhang (姚晨航), aged 48, joined the Company in January 2025, and has served as the vice general manager and financial director since then. The position of financial director is equivalent to chief financial officer, and he is responsible for overseeing the financial matters of the Group.

From September 2000 to August 2007, he served as an executive director at the investment banking division at Southwest Securities Company Limited (西南證券有限責任公司). From August 2007 to September 2017, he served as a general manager of the investment banking division headquarters of Hongta Securities Co., Ltd. (紅塔證券股份有限公司). From May 2020 to December 2024, he served as the managing director at Shenzhen Kunpeng Equity Investment Management Co., Ltd. (深圳市鯤鵬股權投資管理有限公司) and as the director and general manager at Shenzhen Kunpeng Guoxin Investment Co., Ltd. (深圳市鯤鵬國鑫投資有限公司).

Mr. Yao obtained a bachelor's degree in economics from Zhongnan University of Economics and Law in Hubei in June 2000, and further obtained a master's degree in laws from Wuhan University in Hubei in December 2006, and acquired a MBA degree from China Europe International Business School in Shanghai in November 2017. He obtained the securities professional qualification (證券從業資格) and the sponsor representative qualification (保薦代表人資格) granted by the Securities Association of China and the secretary of the board of directors qualification (董事會秘書資格) granted by the Shenzhen Stock Exchange, and the fund professional qualification (基金從業資格) granted by the Asset Management Association of China.

Directors and Senior Management

Ms. Qiu Wei (邱微), aged 39, joined the Company in October 2010, and has served as financial specialist, securities specialist and securities affairs representative since then. From February 2021 to present, she has served as the secretary of the Board of the Company.

Ms. Qiu obtained a bachelor's degree in economics from Hunan University of Technology and Business in Hunan (formerly known as Hunan Business College) in June 2009, and obtained a master's degree in administration from Renmin University of China in Beijing in December 2021. In September 2017, she obtained the Intermediate Accountant Certificate granted by the Ministry of Human Resources and Social Security of the People's Republic of China. In July 2014, she obtained the secretary of the board of directors qualification (董事會秘書資格) granted by the Shenzhen Stock Exchange.

JOINT COMPANY SECRETARIES

Ms. Qiu Wei, for the biographical details of Ms. Qiu, see “– Senior Management” in this section.

Mr. Tam Ka Lung (譚家龍), Mr. Tam graduated from the Hong Kong University of Science and Technology with a Bachelor of Business Administration (Hons) Accounting degree. Mr. Tam is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Tam has over 20 years' experience in auditing, financial management, company secretary and corporate governance, merger and acquisitions and IPO. He is the director of Danok Corporate Services Limited. He currently serves as company secretary to two companies listed on the Stock Exchange.

Directors' Report

The Board of Directors has pleasure in presenting their report together with the audited consolidated financial statements of the Group for the Reporting Period. Any reference to other sections of this report in this "Directors' Report" shall form part of this section.

GLOBAL OFFERING

The Company was incorporated in the PRC on June 19, 1998 and was converted into a joint stock company on September 28, 2004. Its A Shares were listed on the Shenzhen Stock Exchange with the stock code 002130. The Company's H Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on February 13, 2026 with the stock code 9981.

PRINCIPAL BUSINESS

Our principal business consists of: (i) electronic communications business, which involves the development, manufacture, and sale of (a) telecoms cable products, including high-speed copper cables, consumer and industrial electronic cables, and (b) electronic materials; (ii) electrical power transmission business, comprising the development, manufacture, and sale of (a) NEV power transmission products including NEV charging products and power battery safety protection products as well as (b) electrical cable accessories; and (iii) other businesses, mainly including our wind power operations.

From the Listing Date to the date of this report, there has been no material change in the nature of the principal business of the Group. Details of the principal business of the principal subsidiaries of the Company are set out in note 47 to the financial statements of this report.

BUSINESS REVIEW

Further discussion and analysis of the Group's business as required under Schedule 5 to the Companies Ordinance, including a fair review of the Group's business, an analysis of the Group's financial performance, material events occurring after the end of the financial year that have affected the Group, and an indication of possible future developments in the Group's business, are set out in the section headed "Management Discussion and Analysis" of this report. The principal risks and uncertainties facing the Group, the Group's important relationships with its employees, customers and suppliers, the Group's environmental policies and its compliance with relevant laws and regulations that have a significant impact on the Group are set out below.

Directors' Report

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's operating performances are affected by a number of factors. The principal risks and uncertainties are set out on pages 27 to 29 of this report.

As the above content is not exhaustive, investors are advised to make their own judgment or consult their own investment advisors before making any investment in our H Shares.

For further details on other risks and uncertainties faced by the Group, please refer to the section headed "Risk Factors" in the prospectus.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As a socially responsible enterprise, the Group has always been committed to strict compliance with laws and regulations relating to environmental protection (including climate-related matters). During the Reporting Period, the Group's business was in all material respects in compliance with all relevant laws and regulations relating to environmental protection.

The Company fully recognises the importance of environmental protection and is dedicated to integrating ecological and environmental protection into the Company's development plans. Accordingly, the Company has formulated environmental management protection regulations and energy management systems to explore and pursue a high-quality development path, and actively implement the concept of green operations.

For further details, please refer to the Environmental, Social and Governance (ESG) Report published on the websites of the Stock Exchange and the Company on the same date.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

To the best knowledge of the Board and management, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations, by the Group.

Directors' Report

RESULTS AND FINAL DIVIDEND

The Board proposed the following 2025 profit distribution plan: distribute a dividend of RMB1.65 per 10 ordinary shares (tax inclusive) (2024: RMB1.366402 per 10 ordinary shares (tax inclusive)) to the shareholders of the Company as at the record date for determining shareholders' entitlements to the 2025 profit distribution plan. Based on a total of 1,389,603,762 shares of the Company in issue as at March 31, 2026 (excluding 10,283,600 A shares of the Company repurchased in the special repurchase account), the total amount of the proposed final dividend is approximately RMB229,284,620.73 (tax inclusive) (2024: total distributed amount of RMB170,747,638.33 (tax inclusive)). The dividend will be denominated and announced in RMB, of which the A shareholders and investors of Hong Kong Stock Connect will be paid in RMB, and the H shareholders (excluding investors of Hong Kong Stock Connect) of the Company will be paid in HK dollars. The actual amount of HK dollars to be paid is calculated at the average of the central parity rates of RMB against HK dollars published by the People's Bank of China in five working days before (and including) the date of the AGM of the Company.

Where the number of shares eligible for distribution changes between the announcement of the profit distribution proposal and the record date for the distribution, the Company will adjust the total distribution amount in accordance with the principle that the distribution amount per share remains unchanged.

The 2025 profit distribution plan is subject to approval by shareholders at the annual general meeting, and the said profit distribution is expected to be paid to eligible shareholders of the Company on or before July 31, 2026.

Information on the closure period of the register of members of the Company in relation to the proposed 2025 profit distribution plan and the record date for determining entitlements to the 2025 profit distribution plan will be announced in due course.

The Board is not aware of any shareholder who has waived or agreed to waive any dividends.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group is committed to operating its business in a sustainable manner while balancing the interests of various stakeholders, including its principal shareholders, employees, customers and suppliers.

Directors' Report

Shareholders

The Group fully recognises the importance of protecting the interests of the Shareholders and of having effective communication with them. The Group believes that communication with the Shareholders is a two-way process and strives to ensure the quality and effectiveness of information disclosure, maintains regular dialog with the Shareholders and listens prudently to the views and feedback from the Shareholders. The Group has been, and will continue to, achieve the above objectives through, among other means, general meetings, corporate communications, interim reports and annual reports, results announcements, and providing an official email address on the Company's website to collect shareholders' enquiries or information.

Employees

The Group understands that its employees are its valuable assets, and that realising and enhancing employee value will help achieve the Group's overall goals. The Group has been committed to providing its employees with competitive remuneration packages, attractive promotion opportunities, and a respectful and professional working environment. The Group has made contributions to social insurance and housing provident funds for its employees in all material respects in accordance with applicable PRC laws, rules and regulations. The Group continuously refines its employee benefits and welfare system, ensuring that employees' personal rights and physical and mental well-being are fully safeguarded through measures such as the provision of staff accommodation, festive and birthday gifts, supplementary medical insurance, professional training, mental health support and regular health check-ups. The Group has also adopted employee incentive schemes to reward selected employees for their contributions to the Group's growth and development. The Group will continue to attract and retain more talent and will provide room for the development of new talents through performance-linked remuneration packages, on-the-job training programmes and promotion opportunities.

Customers

The Group has consistently adhered to a business philosophy centred on customer focus, high quality and excellent service. Supported by its capacity for continuous technological innovation, the Group is committed to providing customers with high-quality services and/or products. Furthermore, through regular communication and on-site visits with customers, the Group seeks to strengthen engagement, thereby gaining a deeper understanding of customer needs and enhancing customer loyalty; At the same time, by establishing a comprehensive after-sales management system and continuously optimising service processes, the Group steadily improves customer satisfaction, further strengthening its core brand competitiveness and laying a solid foundation for the long-term development of the Group's overall performance.

Directors' Report

Suppliers

The Group believes that suppliers are equally important in delivering quality services and/or products. The Group has maintained strong and good relationships with its suppliers to ensure supply quality, thereby providing quality services and/or products to its customers. The Company has established a comprehensive supplier management system, integrating sustainability into supply chain management. Through scientific supplier selection criteria, a rigorous scoring system and a dynamic day-to-day management mechanism, we have built a green, efficient and mutually responsible supply chain ecosystem. Furthermore, by leveraging our SRM system, we have implemented digitalised control and management of the supply chain, thereby enhancing management precision and response efficiency.

For the year ended December 31, 2025, there were no material and significant disputes between the Group and its key stakeholders.

FINANCIAL SUMMARY

A summary of the financial results, assets and liabilities of the Group for the last four financial years is set out on page 5 of this report. This summary does not form part of the audited consolidated financial statements.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company issued 139,988,800 H Shares under the Global Offering at an offering price of HK\$20.09 per H Share, and was listed on the Stock Exchange on February 13, 2026. The par value of the H Shares is RMB1.00 per H Share.

Directors' Report

The net proceeds from the Global Offering received by the Company (after deduction of underwriting fees and commissions and related costs and expenses) were approximately RMB2,422.4 million (the "**Net Proceeds**").

As of the Latest Practicable Date, there has been no change to the intended use of the Net Proceeds as previously disclosed under the "Future Plans and Use of Proceeds" section of the prospectus. Details of the intended use of the Net Proceeds are set out as follows:

		% of Net Proceeds	Net Proceeds (RMB million)	Expected timeline for full utilisation of Net Proceeds	Net Proceeds utilised as at the Latest Practicable Date (RMB million)	Net Proceeds unutilised as at the Latest Practicable Date (RMB million)
Diversifying our product portfolio and upgrading products	Product development and production capacity expansion of electronic communications business	28%	678.3	December 31, 2029	1.7	676.6
	Product development and production capacity expansion of electrical power transmission product business	17%	411.8	December 31, 2029	—	411.8
Expanding global business footprint		27%	654.1	December 31, 2029	—	654.1
Potential strategic investments and/or acquisitions		18%	436.0	*	—	436.0
Working capital and general corporate purposes		10%	242.2	December 31, 2029	104.6	137.6
Total		100%	2,422.4		106.3	2,316.1

Notes:

* As at the Latest Practicable Date, we had not identified any specific investment and/or acquisition targets. As such, we had not established a timetable for implementation.

(1) The expected timeline for full utilisation of the remaining Net Proceeds as set out in the above table is based on the Group's best estimate of future market conditions and may be subject to change depending on current and future market developments.

(2) Certain amounts may not sum to the total due to rounding.

As disclosed in the prospectus, to the extent permitted by the relevant law and regulations, if the Net Proceeds are not immediately used for the intended use, the Company will only place the Net Proceeds as short-term deposits at licensed banks or financial institutions. As at the date of this report, the remaining unutilised Net Proceeds were placed at licensed banks.

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended December 31, 2025, sales to the Group's five largest customers accounted for 18.42% of the Group's total revenue, and sales to the Group's largest customer accounted for 8.71% of the Group's total revenue.

Major Suppliers

For the year ended December 31, 2025, purchases from the Group's five largest suppliers accounted for 20.64% of the Group's total purchases, and purchases from the Group's largest supplier accounted for 5.40% of the Group's total purchases.

As at the date of this report, the Group's five largest customers and suppliers during the Reporting Period were independent third parties. None of the Directors, their respective associates, or any shareholders holding more than 5% of the issued share capital of the Company had any interest in the Group's five largest customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of the changes in property, plant and equipment of the Group during the Reporting Period are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of the changes in the share capital of the Company during the Reporting Period are set out in note 32 to the financial statements.

RESERVES

Details of the changes in reserves of the Group during the Reporting Period are set out in the Consolidated Statement of Changes in Equity on Pages 114 to 115.

DISTRIBUTABLE RESERVES

As at December 31, 2025, the Company's distributable reserves amounted to approximately RMB1,935.6million.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief or exemption granted to shareholders by reason of their holding of the Company's securities.

Directors' Report

BANK AND OTHER BORROWINGS

Details of the bank and other borrowings of the Group as at December 31, 2025 are set out in note 27 to the financial statements.

DIRECTORS

The directors during the year ended December 31, 2025 and up to the date of this report are as follows:

Executive Directors

Mr. Zhou Heping (*Chairman*)
Ms. Yi Huarong
Mr. Liu Zhanli
Mr. Xia Chunliang
Ms. Deng Yan

Non-executive Director

Dr. Li Wenyou

Independent Non-executive Directors

Mr. Zeng Fanyue
Ms. Dai Bingjie
Mr. Wang Dong

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" of this report.

SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of Directors has entered into a service contract with the Company, pursuant to which they agreed to act as Directors for a term of three years commencing from November 18, 2025.

The Company has not entered into and does not intend to enter into any service contract with any Director in their capacity as a Director which is not terminable by the employer within one year without payment of any compensation (other than statutory compensation).

Directors' Report

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent during the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Reporting Period, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest, as referred to in Rule 8.10(2) of the Hong Kong Listing Rules, in any business which competes or may compete, directly or indirectly, with the business of the Group, except for serving as a director of the Company and/or its subsidiaries.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as otherwise disclosed in this report, none of the Directors or their connected entities had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Period or subsist as of December 31, 2025.

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

As the Company was not listed on the Main Board of the Stock Exchange as at December 31, 2025, Divisions 7 and 8 of Part XV and Section 352 of the SFO are not applicable to the Directors and chief executive of the Company as at December 31, 2025.

Directors' Report

As of the date of this report, the interests or short positions of the Directors or chief executive in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; (ii) required to be recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

Interests in the Shares and underlying Shares of the Company

Name of Director	Nature of interest ⁽¹⁾	Class of Shares	Number of Shares	Percentage of total share capital of the same class ⁽²⁾
Mr. Zhou ⁽³⁾	Beneficial owner Interest in controlled corporation	A Shares	189,563,801	15.05%
Ms. Yi Huarong ⁽³⁾	Spousal interest Interest in controlled corporation	A Shares	189,563,801	15.05%
Mr. Liu Zhanli	Spousal interest	A Shares	13,000	0.00%
Ms. Deng Yan	Beneficial owner	A Shares	8,320	0.00%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 1,259,898,562 A Shares in issue (including treasury A Shares) as of the date of this report.
- (3) Please see "Substantial Shareholders" in the Prospectus.

Save as disclosed above, as of the date of this report, so far as the Directors or chief executive of the Company are aware, none of the Directors or chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; (ii) required to be recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Report

DIRECTOR'S RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed otherwise in this report, at any time during the Reporting Period, none of the Company or any of its subsidiaries is a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the Shares or debentures of the Company or any other body corporate or had exercised any such right.

CHANGES IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE

Save as disclosed otherwise in this report, there have been no changes in the information of Directors and chief executive of the Company as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

As of the date of this report, the interests of relevant persons (excluding the Directors and chief executive of the Company) who had interests or short positions in the Shares or underlying Shares that were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or required to be recorded in the register required to be kept by the Company under Section 336 of the SFO are as follows:

Name of Shareholder	Nature of interest ⁽¹⁾	Class of Shares	Number of Shares held	Percentage of total share capital of the same class ⁽²⁾
Mr. Zhou ⁽³⁾	Beneficial owner Interest in controlled corporation	A Shares	189,563,801	15.05%
Ms. Yi Huarong ⁽³⁾	Spousal interest Interest in controlled corporation	A Shares	189,563,801	15.05%
Ms. Qiu Limin ⁽⁴⁾	Beneficial owner Interest in controlled corporation	A Shares	116,035,827	9.21%

Notes:

(1) All interests stated are long positions.

Directors' Report

- (2) The calculation is based on the total number of 1,259,898,562 A Shares in issue (including the treasury A shares) as of the date of this report.
- (3) Our executive Director, Mr. Zhou, directly holds 139,563,801 A Shares. In addition, Mr. Zhou and Ms. Yi Huarong, our executive Director and Mr. Zhou's spouse, who are the only beneficial owners of the Tongyi Funds, are interested in 50,000,000 A Shares through the Tongyi Funds.
- (4) To the best knowledge of the Company, Ms. Qiu Limin directly holds 8,772,371 A Shares. In addition, through Xuanyuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuanyuan Kexin No. 109 Private Securities Investment Fund (玄元私募基金投資管理(廣東)有限公司 - 玄元科新109號私募證券投資基金), Xuanyuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuanyuan Kexin No. 178 Private Securities Investment Fund (玄元私募基金投資管理(廣東)有限公司 - 玄元科新178號私募證券投資基金), Xuanyuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuanyuan Kexin No. 201 Private Securities Investment Fund (玄元私募基金投資管理(廣東)有限公司 - 玄元科新201號私募證券投資基金), Xuanyuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuanyuan Kexin No. 202 Private Securities Investment Fund (玄元私募基金投資管理(廣東)有限公司 - 玄元科新202號私募證券投資基金), Xuanyuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuanyuan Kexin No. 203 Private Securities Investment Fund (玄元私募基金投資管理(廣東)有限公司 - 玄元科新203號私募證券投資基金), Shenzhen Yingfu Huizhi Private Securities Fund Co., Ltd. - Yingfu Zengxin Tianli No. 12 Private Securities Investment Fund (深圳盈富匯智私募證券基金有限公司 - 盈富增信添利12號私募證券投資基金), Shenzhen Yingfu Huizhi Private Securities Fund Co., Ltd. - Yingfu Zengxin Tianli No. 13 Private Securities Investment Fund (深圳盈富匯智私募證券基金有限公司 - 盈富增信添利13號私募證券投資基金), Zhuhai Abama Private Fund Investment Management Co., Ltd. - Abama Yuanshare Dividend No. 88 Private Securities Investment Fund (珠海阿巴馬私募基金投資管理有限公司 - 阿巴馬元享紅利88號私募證券投資基金), and Zhuhai Abama Private Fund Investment Management Co., Ltd. - Abama Yuanshare Dividend No. 89 Private Securities Investment Fund (珠海阿巴馬私募基金投資管理有限公司 - 阿巴馬元享紅利89號私募證券投資基金), she is interested in 107,263,456 A Shares. To the best knowledge of the Company, the aforementioned investment funds are controlled by Ms. Qiu Limin. To the best knowledge of the Company, Ms. Qiu Limin is an Independent Third Party.

Save as disclosed above, as at the date of this report, so far as the Directors or chief executive of the Company are aware, none of the persons (excluding the Directors and chief executive of the Company) had any interest or short position in the Shares or underlying Shares of the Company that was required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

Directors' Report

EMPLOYEE INCENTIVE SCHEMES

The Company approved and adopted the 2025 Share Option Scheme and the 2025 Restricted Share Scheme on 9 April 2025. As the Company has not granted and will not grant any further options or awards pursuant to the Employee Incentive Schemes after the Listing, the provisions of Chapter 17 of the Listing Rules shall not apply to the terms of such schemes. The number of shares that may be issued in connection with stock options and awards granted under the Company's employee incentive plan during the Reporting Period, divided by the weighted average number of shares outstanding (excluding treasury shares) during the Reporting Period, is 0.65%.

2025 Share Option Scheme

The following is a summary of the key terms of the 2025 Share Option Scheme. For further details of the 2025 Share Option Scheme, please refer to the section headed "Appendix IV — Statutory and General Information — Further Information on Directors and Major Shareholders — 5. Employee Incentive Schemes — (a) 2025 Share Option Scheme" in the Prospectus.

Purpose

The purpose of the 2025 Share Option Scheme is to further enhance the Company's long-term incentive mechanism, attract and retain outstanding talent, and fully mobilize the enthusiasm of the Company's key staff. The scheme aims to effectively align the interests of shareholders, the Company, and the key staff members, ensuring that all parties focus on the Company's long-term development.

Participants

The participants of the 2025 Share Option Scheme (the "**2025 Eligible Participants**") are core management personnel, key technical staff and business development personnel who play a significant role in the overall performance and long-term development of the Company.

The scope of 2025 Eligible Participants excludes Directors, members of senior management, shareholders who individually or collectively hold 5% or more of the shares of the Company and their respective spouse, parents and children.

2025 Share Option Scheme Mandate Limit

The total number of A Shares that may be issued under all options granted under the 2025 Share Option Scheme shall not exceed 10% of the Company's shares as of the date of the announcement of the 2025 Share Option Scheme, i.e., 125,989,856 A Shares, representing approximately 9.07% of the issued shares (excluding treasury shares) as at the Latest Practicable Date.

Directors' Report

As of the Latest Practicable Date, the total number of related shares that may be issued due to the exercise of all outstanding options granted under the 2025 Share Option Scheme should be 8,137,400 A Shares, representing approximately 0.59% of the issued shares (excluding treasury shares) as at the Latest Practicable Date.

Maximum entitlement of a Grantee

The total number of share options granted to any grantee under all of the Company's valid and existing share option schemes shall not exceed 1% of the Company's issued share capital as at the date of the announcement of the 2025 Share Option Scheme.

Duration of the 2025 Share Option Scheme

The 2025 Share Option Scheme shall be valid and effective for the period of time commencing from the date of grant of options, i.e. April 24, 2025 (the "**2025 Scheme Effective Date**") and expiring on the day when all options granted to the 2025 Eligible Participants under the 2025 Share Option Scheme are exercised or cancelled, which shall in any event be no later than the date which is 36 months after the 2025 Scheme Effective Date. As at the Last Practicable Date, approximately 24 months remained on the 2025 Share Option Scheme.

Exercise price

The exercise price for share options under the 2025 Share Option Scheme is RMB21.73 per share. The exercise price shall not be lower than the nominal value of the Company's A shares, and shall not be lower than the higher of the following: (1) the average trading price of the Company's A shares on the trading day immediately preceding the announcement of the draft 2025 Share Option Scheme, being RMB21.67 per share; and (2) the average trading price of the Company's A shares for the 120 trading days preceding the announcement of the draft 2025 Share Option Scheme, being RMB21.73 per share.

Performance targets

During the exercise period, the 2025 Eligible Participants may exercise share options only if the grant conditions continue to be satisfied and the Company meets the applicable corporate-level performance assessment for the relevant period, and the 2025 Eligible Participants meet the personal-level performance assessment of incentive recipients for the relevant period.

Outstanding options granted under the 2025 Share Option Scheme

The 2025 Share Option Scheme was approved by the Company's shareholders' meeting on April 9, 2025; therefore, there were no options available for grant as of January 1, 2025. All the outstanding options under the 2025 Share Option Scheme were granted on April 24, 2025 and the Company will not grant any further options under the 2025 Share Option Scheme after the Listing. Therefore, there were no share options available for grant as of December 31, 2025.

Directors' Report

As of December 31, 2025, the details of changes in options granted under the 2025 Share Option Scheme are as follows:

Grantee category	Grant date	Vesting period	Exercise period	Exercise price	Outstanding as at 1 January 2025	Number of share options (shares)				Outstanding as at 31 December 2025
						Granted during the Reporting Period ⁽⁴⁾	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	
Employees ⁽¹⁾ (total: 479)	24 April 2025	Note (2)	Note (3)	Note (4)	–	8,137,400	–	–	–	8,137,400

Notes:

- (1) The Employee category herein includes: Directors (including individuals who have served as Directors within the past 12 months), supervisors and/or the general managers of the Company's subsidiaries.
- (2) The vesting periods shall commence 12 months and 24 months from the grant date under the 2025 Share Option Scheme (i.e. 24 April 2025).
- (3) The exercise periods for the relevant share options are as follows: 50% of the share options are exercisable from 24 April 2026 to 23 April 2027; and 50% of the share options are exercisable from 26 April 2027 to 21 April 2028.
- (4) On 24 April 2025, the Company convened the 26th meeting of the seventh session of the Board, at which the "Proposal on Adjusting the List of Incentive Recipients and Grant Quantities under the 2025 Share Option Scheme" and the "Proposal on Granting Share Options to Incentive Recipients under the 2025 Share Option Scheme" were considered and approved. The company agreed to grant 8,137,400 share options to 479 incentive recipients at an exercise price of RMB21.73 per option. On 22 August 2025, the Company convened the 31st meeting of the seventh session of the Board, at which the "Proposal on Adjusting the Exercise Price of the 2025 Share Option Scheme" was considered and approved. As the Company had completed the implementation of the 2024 equity distribution, the exercise price under its 2025 Share Option Scheme was adjusted from RMB21.73 per option to RMB21.59 per option.
- (5) The closing price of the A shares immediately preceding the grant date of the share options was RMB18.38. Details of the fair value of the share options on the grant date and the accounting standards and policies adopted are set out in Note 35 to the financial statements.

Directors' Report

2025 Restricted Share Scheme

The following is a summary of the key terms of the 2025 Restricted Share Scheme. For further details of the 2025 Restricted Share Scheme, please refer to the section headed "Appendix IV — Statutory and General Information—Further Information on Directors and Major Shareholders — 5. Employee Incentive Schemes — (b) 2025 Restricted Share Scheme" in the Prospectus.

Purpose

The purpose of the 2025 Restricted Share Scheme is to incentivize our Group's management and key employees to achieve a sustained and long-term development of our Group. The 2025 Restricted Share Scheme is implemented to attract, retain and motivate management and key employees of our Group, and to promote the success of our Group's business by providing them with appropriate incentives based on fulfilling certain performance goals.

Administration

The 2025 Restricted Share Scheme is executed by the Board subject to the authorization by the shareholders. The meeting of all participants of the 2025 Restricted Share Scheme ("**Participants**") shall have the full power to administer the 2025 Restricted Share Scheme. A management committee, the members of which are elected by the meetings of the Participants, is responsible for overseeing the day-to-day management of the 2025 Restricted Share Scheme.

Eligibility and Participation

Participants will consist of Directors (excludes independent non-executive Directors), senior management, and key management personnel, core technical staff and key operational personnel who play a significant role in the Group's performance and medium- to long-term development.

The scope of eligible participants excludes shareholders who individually or collectively hold 5% or more of the shares of the Company and their respective spouse, parents and children.

Source and Maximum Number of Shares

The shares underlying the 2025 Restricted Share Scheme represent Class A shares repurchased by the Company from the secondary market and transferred to the securities account of the Company's 2025 Restricted Share Scheme.

Each award ("**Awards**") granted represents the entitlement to the corresponding portion of A Shares underlying the 2025 Restricted Share Scheme. These Awards are subject to a lock-up period and will only be unlocked upon fulfilling the unlocking conditions stipulated. The maximum number of shares in respect of the Awards that can be granted under the 2025 Restricted Share Scheme is 3,324,600.

Directors' Report

The actual subscribed amount under the 2025 Restricted Share Scheme was 35,668,818 options, corresponding to an aggregate of 3,281,400 shares actually granted. On 14 May 2025, the Company received the "Securities Transfer Registration Confirmation" issued by Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. On 12 May 2025, the 3,281,400 A shares held in the Company's "Repurchase Special Securities Account of Shenzhen Woer Heat-Shrinkable Material Co., Ltd." were non-trading transferred to the "Shenzhen Woer Heat-Shrinkable Material Co., Ltd. — 2025 Restricted Share Scheme" securities account.

Maximum entitlement of Participant

Any grant of the Restricted A Share to any Participant in respect of all the Restricted A Shares granted to such person under all validly subsisting Restricted Share Scheme of the Company in aggregate shall not exceed 1% of the shares in issue (excluding any shares obtained through duly exercised options or vested restricted A shares).

Term of the Scheme

The term of the 2025 Restricted Share Scheme shall be no more than 36 months from the date of the shareholders approved and the date on which the final batch of subject shares referred to in the Company's announcement transfer to the 2025 Restricted Share Scheme. Should the 2025 Restricted Share Scheme not be extended upon its expiration, it will automatically terminate. As at the latest practicable date, the 2025 Restricted Share Scheme had approximately 24 months remaining.

Performance Targets and Lock-up

Subject to the fulfillment of the company-level performance evaluation requirements for the current period and the fulfillment of the individual-level performance evaluation requirements for the current period by the participants, the Awards held by the Participants shall be unlocked in two installments in the proportion of 50% and 50%, commencing from 12 months and 24 months, respectively, after the announcement date of the Company's transfer of the last tranche of underlying shares to the 2025 Restricted Share Scheme. The A Shares corresponding to the locked awards shall be transferred by the Management Committee into the stock accounts of the participants by way of lawful methods such as non-trade transfer or sale on the secondary market, in accordance with the provisions of the 2025 Restricted Share Scheme and prevailing market conditions at the relevant time, or the proceeds from the sale of the Company's shares held under the 2025 Restricted Share Scheme, after deducting relevant taxes and payables, shall be distributed to the relevant participants.

Directors' Report

Purchase price

The purchase price for the award is RMB10.87 per share. The purchase price shall not be lower than the nominal value of the shares and shall not be lower than the higher of the following: (1) 50% of the Company's average trading price of its A shares on the trading day immediately preceding the announcement of the draft 2025 Restricted Share Scheme, being RMB10.84 per share; and (2) 50% of the Company's average trading price of its A shares for the 120 trading days preceding the announcement of the draft 2025 Restricted Share Scheme, being RMB10.87 per share.

Details of awards granted

Participant name or category	Grant date	Lock-up period	Purchase price (RMB/share)	Unvested as at 1 January 2025	Granted during the Reporting Period ⁽¹⁾	Number of Awarded Shares (shares)			Re-granted as at 31 December 2025	Not yet unlocked as at 31 December 2025
						Unlocked during the Reporting Period	Cancelled during the Reporting Period	Recovered during the Reporting Period		
Directors										
Mr. Xia Chunliang (夏春亮)	April 9, 2025	Note (1)	10.87	—	120,000	—	—	—	—	120,000
Mr. Liu Zhanli (劉占理)	April 9, 2025	Note (1)	10.87	—	100,000	—	—	—	—	100,000
Ms. Deng Yan (鄧燕)	April 9, 2025	Note (1)	10.87	—	20,000	—	—	—	—	20,000
Top five individuals by total remuneration during the Reporting Period (aggregate: 3 individuals)	April 9, 2025	Note (1)	10.87	—	230,000	—	—	—	—	230,000
Other employees	April 9, 2025	Note (1)	10.87	—	2,811,400	—	—	15,600	11,100	2,806,900

- (1) For details regarding the lock-up period for the award, please refer to the section above under "Performance Targets and Lock-up".
- (2) The closing price of the A shares immediately preceding the grant date of the awards was RMB16.18. Details of the fair value of the awards on the grant date and the accounting standards and policies adopted are set out in Note 35 to the financial statements.
- (3) For details of the performance targets applicable to the awards granted during the Reporting Period, please refer to the section above under "Performance Targets and Lock-up".

Equity-linked Agreement

Save as disclosed in this report, neither the Company nor any of its subsidiaries has entered into any equity-linked agreement during the Reporting Period or had any equity-linked agreement outstanding as at December 31, 2025.

Directors' Report

Connected Transactions

The Company has no connected person transactions that constitute connected transactions or continuing connected transactions required to be disclosed pursuant to Chapter 14A of the Listing Rules.

Related Party Transactions

Save as disclosed in note 38 to the financial statements, there were no other related party transactions or continuing related party transactions for the year ended December 31, 2025 that constitute connected transactions or continuing connected transactions required to be disclosed under the Listing Rules. In respect of connected transactions and continuing connected transactions, the Company has complied with the disclosure requirements under the Listing Rules (as amended from time to time)

Purchase, Sale or Redemption of the Listed Securities of the Company

Pursuant to the "Proposal on the Repurchase of Company Shares" approved by the Company on 26 October 2023, the Company used its own funds to repurchase 13,565,000 A shares through centralized price bidding; the repurchase was completed during 2024. On 12 May 2025, 3,281,400 of the treasury A shares were transferred to the Company's 2025 Restricted Share Scheme. As at 31 December 2025 and the date of this report, 10,283,600 A shares are held by the Company as treasury A shares and shall be used exclusively by the Company for its Employee Incentive Schemes.

Save as disclosed in this report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listing securities (including disposals of treasury shares as defined under the Listing Rules) during the Reporting Period. Save as disclosed in this report, as at 31 December 2025 and the date of this report, the Company holds no treasury shares (as defined under the Listing Rules).

Right of Pre-emption

Neither the articles of association nor the laws of the People's Republic of China contain provisions on the right of pre-emption that would require the Company to offer new shares to existing shareholders on a pro rata basis.

Directors' Report

Interests of Controlling Shareholders in Material Contracts

The Company had no controlling shareholder during the Reporting Period. Neither the Company nor any of its subsidiaries entered into any material contract with the largest single shareholder or any of its subsidiaries, or any material contract for the provision of services by the largest single shareholder or any of its subsidiaries to the Company or any of its subsidiaries, during the Reporting Period or as at December 31, 2025.

Management Contracts

During the Reporting Period, no contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or remained in effect.

Donations

During the Reporting Period, the Group made charitable and other donations totaling RMB0.04 million.

Significant Legal Proceedings

As at the date of this report, none of the members of the Group is engaged in any material litigation or arbitration, and, so far as the Directors are aware, none of the members of the Group is involved in any pending or threatened material litigation, arbitration or claim.

Permitted Indemnity Provision

Subject to applicable laws and regulations, the Directors and other senior officers shall be indemnified and saved harmless out of the assets of the Company against all actions, suits, costs, charges, losses, damages and expenses whatsoever which they may incur or sustain in respect of any act done, concurred in or omitted in the execution of their duties, except for such (if any) incurred or sustained by reason of their own fraud or dishonesty.

The Company has taken out Directors' and senior management's liability insurance to cover for any liability for damages that may arise in the course of the Directors' and senior management's lawful performance of their duties.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 76 to 103 of this report.

Directors' Report

Sufficiency of Public Float

From the Listing Date and up to the date of this annual report, based on publicly available information and so far as the Directors are aware, the Company has maintained the sufficient public float that meets the requirement of the Listing Rules and complied with the provisions of Rule 19A.28B of the Listing Rules. As of the Latest Practicable Date, the number of H Shares held by the public represented approximately 10.07% of the Company's total issued share capital (excluding treasury shares).

Audit Committee

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended December 31, 2025, together with the management of the Company and the Auditor.

Auditor

The Company has appointed Moore CPA Limited as its overseas auditor for the year ended December 31, 2025.

The Company has appointed Zandar Certified Public Accountants LLP as its auditor for the audit of the Company's domestic financial statements and internal control for the year ended December 31, 2025.

By order of the Board
Mr. Zhou Heping
Chairperson of the Board

Shenzhen, the PRC, March 31, 2026

Corporate Governance Report

The Board is pleased to present the corporate governance report of the Company for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and ensuring a high standard of corporate governance practices, and has adopted corporate governance principles aimed at safeguarding the interests of the Company and its shareholders.

The Company has adopted the applicable code provisions of the CG Code as set out in Part 2 of Appendix C1 to the Listing Rules. As the H Shares of the Company were not yet listed on the Hong Kong Stock Exchange as of December 31, 2025, the CG Code was not applicable to the Company for the year ended 31 December 2025, but has been applied to the Company since the Listing Date.

Save as disclosed in this report, the Board is of the view that the Company has complied with the applicable code provisions set out in the CG Code from the Listing Date to the date of this report. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct for securities transactions by the Directors, members of senior management and employees who, because of their office or employment, are likely to possess inside information relating to the Group or the Company's securities.

As the H Shares of the Company were not yet listed on the Hong Kong Stock Exchange as at December 31, 2025, the relevant rules of the Model Code were not applicable to the Company during the Reporting Period.

Having made specific enquiry of all Directors, each Director has confirmed that he/she has complied with the required standards set out in the Model Code since the Listing Date. In addition, the Company is not aware of any non-compliance with the Model Code by the members of the senior management or the relevant employees of the Group since the Listing Date.

Corporate Governance Report

BOARD OF DIRECTORS

Composition of the Board

As of the date of this report, the Board comprises five executive Directors, one non-executive Director and three independent non-executive Directors. The Directors as of the date of this report are as follows:

Executive Directors

Mr. Zhou Heping (*Chairman*)
Ms. Yi Huarong
Mr. Liu Zhanli
Mr. Xia Chunliang
Ms. Deng Yan

Non-executive Director

Dr. Li Wenyong

Independent Non-executive Directors

Mr. Zeng Fanyue
Ms. Dai Bingjie
Mr. Wang Dong

The biographical details of the Directors are set out in the section headed "Directors and Senior Management" of this report. Save that Ms. Yi Huarong is the spouse of Mr. Zhou, none of the Directors has any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director or the chief executive.

Corporate Governance Report

INDEPENDENT NON-EXECUTIVE DIRECTORS

From the Listing Date to the date of this report, the Board has complied with the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors, with at least one independent non-executive director has the appropriate qualification or accounting or related financial management expertise.

From the Listing Date to the date of this report, the Company has also complied with the requirement under Rule 3.10A of the Listing Rules that the number of independent non-executive Directors must represent at least one-third of the Board.

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

CHAIRMAN AND CHIEF EXECUTIVE

The positions of chairman and general manager are held by Mr. Zhou Heping and Ms. Yi Huarong, respectively. Mr. Zhou Heping is responsible for the overall management, overall strategic planning, R&D and business development of the Company, while Ms. Yi Huarong is primarily responsible for the overall management, overall strategic planning and business development of the Company.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the Directors (including non-executive Directors and independent non-executive Directors) has entered into a service contract or an appointment letter with the Company, under which they agreed to act as Directors for a term of three years commencing from the date of appointment subject to retirement by rotation and re-election in accordance with the Articles of Association and the Listing Rules, until terminated in accordance with the terms and conditions of the service contract or the appointment letter.

Details of the Directors' service contracts and letters of appointment are set out in the section headed "Directors' Report — Service Contracts and Letters of Appointment" in this report.

According to Article 95 of the Articles of Association, non-employee representative Directors shall be elected or replaced by the general meeting and may be removed by the general meeting before the expiry of their term of office. The term of office for Directors shall not exceed three years, and they may be re-elected upon the expiry of their term of office.

Corporate Governance Report

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is fully responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. The Board is collectively acting to promote the success of the Company by directing and supervising its affairs. Each of the Directors takes decisions objectively in the interests of the Company and the Shareholders as a whole.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Board reserves the rights for its decision on all major matters of the Company relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of senior management and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance cover to protect Directors from possible liability for compensation in the course of performing duties in accordance with the law against them.

Corporate Governance Report

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the remuneration of the members of the Board for the year ended December 31, 2025 are set out in Note 11 to the financial statements in this annual report.

Pursuant to provision E.1.5 of the CG Code, the remuneration (including retirement benefit plan contributions and share-based compensation) of the senior management (excluding two senior management members who serve as Directors) of the Company, analysed by band for the year ended 31 December 2025 is set out below:

Remuneration band	Number of individuals
RMB500,001 to RMB1,000,000	1
RMB1,000,001 to RMB1,500,000	1
RMB2,000,001 to RMB2,500,000	1

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors should be aware of regulatory developments and changes to effectively fulfill their responsibilities and ensure that their contributions to the Board remains informed and relevant.

Every Director will receive formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Each of the Director confirmed that they have obtained legal advice as described in Rule 3.09D of the Listing Rules in June 2025 and understood their responsibilities as directors of the listed issuer under the Listing Rules.

Directors shall participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged to attend relevant training courses at the Company's expenses.

For the year ended December 31, 2025 and up to the date of this report, all incumbent Directors have participated in continuous professional development by attending training courses on the responsibilities of Directors and senior management, or by reading relevant guideline materials on the Listing Rules, regulatory updates and interest disclosure obligations.

Corporate Governance Report

A summary of trainings received by the Directors during the year ended December 31, 2025 and up to the date of this report is as follows:

Name of Directors	Participation in continuous professional development⁽¹⁾
<i>Executive Directors</i>	
Mr. Zhou Heping	√
Ms. Yi Huarong	√
Mr. Liu Zhanli	√
Mr. Xia Chunliang	√
Ms. Deng Yan	√
<i>Non-executive Director</i>	
Dr. Li Wenyong	√
<i>Independent non-executive Directors</i>	
Mr. Zeng Fanyue	√
Ms. Dai Bingjie	√
Mr. Wang Dong	√

Note:

- (1) Attending the training for Directors and reading relevant guideline materials covering a wide range of topics, including but not limited to duties and responsibilities serving as Directors, relevant laws and regulations and interest disclosure obligations applicable to Directors, as well as amendments to and reviews of provisions of the Listing Rules.

Corporate Governance Report

DIVERSITY POLICY

The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The Company has adopted a board diversity policy to enhance the effectiveness of the Board and to maintain a high standard of corporate governance. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, educational background, professional qualifications, skills, knowledge, industry, regional experience and length of service. Furthermore, the Nomination Committee is responsible for reviewing the diversity of the Board, reviewing the Board Diversity Policy from time to time, developing and reviewing measurable objectives for implementing the Board Diversity Policy, and monitoring the progress on achieving these measurable objectives in order to ensure that the Board Diversity Policy remains effective.

As of the date of this report, the Board consisted of nine Directors, analyzed by measurable objectives as follows:

Gender	Age group	Position
Male: Six Directors	Aged 30 to 39: Two Directors	Executive Directors: Five Directors
Female: Three Directors	Aged 40 to 49: Four Directors	Non-executive Director: one Director
	Aged 60 to 69: Three Directors	Independent non-executive Directors: three Directors

In addition, the Directors possess a balanced combination of knowledge and skills, including but not limited to overall business management, finance and accounting and R&D. That is equivalent to obtaining degrees in different professional fields, including mechanical polymer chemistry and physics, surveying and mapping engineering, analytical chemistry, materials engineering, materials physics and chemistry, accounting, business administration, finance and law. All Directors (including independent non-executive Directors) bring extensive and valuable business experience, knowledge and professional skills to the Board, enabling it to operate efficiently and effectively. Independent non-executive Directors have been invited to serve as members of the Audit Committee, Remuneration and Appraisal Committee, Nomination Committee and Strategy and Investment Decision Committee.

The Company has reviewed the members, structure and composition of the Board and believes that the Board structure is reasonable, and the experience and skills of the Directors in various aspects and fields can enable the Company to maintain a high level of operation.

Corporate Governance Report

For the year ended December 31, 2025, the Company largely implemented its diversity philosophy (including gender diversity) throughout the entire workforce of the Group. As of the date of the Report, two senior management members of the Company were female, and females accounted for 29.65% of the total workforce of the Group (excluding senior management). The objective of the Company is to maintain a high ratio of female representatives in the workforce of the Group.

The Company is committed to improving gender diversity at all levels in accordance with the expectations and best practices proposed by shareholders. When selecting and proposing candidates for Board appointments, the Company will actively monitor the ratio of female Directors in the Board. At the recruitment level, the Company is committed to promoting gender diversity and eliminating gender bias in the recruitment process, especially for middle and senior positions, through the adoption of a diverse interview panel, among others. The Company is committed to creating a healthy, diverse and inclusive working environment by providing unconscious bias management training and ensuring that career development opportunities for all employees are strategic, transparent and fair. By continuously improving its inclusive culture, the Company aims to proactively cultivate a gender-diverse reserve of senior management talents and potential successors to the Board. There are no mitigating factors or circumstances that would make it more difficult or reduce the relevance for the entire workforce, including the senior management level, to achieve gender diversity.

BOARD COMMITTEES

The Board has established four committees, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and Investment Decision Committee, to supervise specific areas of the Company's affairs. All the Board Committees of the Company have been established in accordance with clear written terms of reference. The terms of reference of the Board Committees are published on the website of the Stock Exchange of Hong Kong and the Company, and may be provided upon the request of shareholders.

According to Rule 3.21 of the Listing Rules, the Audit Committee must consist of non-executive Directors only, with a minimum of three members, and the majority of the seats must be held by independent non-executive Directors, and at least one member must have the appropriate professional qualifications or expertise in accounting or related financial management. In addition, the majority of the members of the Remuneration and Appraisal Committee and the Nomination Committee are independent non-executive Directors, and the names of the chairpersons and members of each Board committee are set out in the "Company Information" section of this report.

Corporate Governance Report

AUDIT COMMITTEE

The Company has established an Audit Committee in accordance with the provisions of the CG Code set out in Rule 3.21 of the Listing Rules and Paragraph D.3 of Part 2 of Appendix C1 to the Listing Rules, and has stipulated the written terms of reference. The Audit Committee consists of Mr. Zeng Fanyue and Mr. Wang Dong, all of whom are independent non-executive Directors, and Dr. Li Wenyong, a non-executive Director, and Mr. Zeng Fanyue serves as the chairperson of the committee. Mr. Zeng Fanyue possesses the appropriate accounting or related financial management expertise as set out in Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duty of the Audit Committee is to assist the Board in providing independent opinions on the effectiveness of the Group's financial reporting procedures, internal control and risk management systems, supervising audit procedures, and fulfilling other duties and responsibilities assigned by the Board, including but not limited to: (i) Making proposals to the Board on the appointment and replacement of external auditors; (ii) Supervising the implementation of the internal audit system of the Group; (iii) Coordinating the work between the internal audit department and external auditors; and (iv) Reviewing the financial information and related disclosures of the Group.

During the Reporting Period, the Audit Committee held seven meetings, reviewed (among other things) the 2024 annual financial report and internal audit report, 2025 estimated daily related party transactions, 2025 first quarterly report, full text and summary of the 2025 interim report, 2025 third quarterly report, engagement of audit firms for H Share issuance and listing, re-appointment of accounting firm, etc of the Company.

In accordance with Paragraph D.3.3(e)(i) of the CG Code and the terms of reference of the Company's Audit Committee, the Audit Committee is required to hold meetings with the Company's auditor at least twice a year. However, as the Company's H shares were listed on the Stock Exchange on 13 February, 2026, the members of the Audit Committee did not hold two meetings with the external auditor for the year ended December 31, 2025.

During the Reporting Period, the attendance of each member of the Audit Committee is listed as follows:

Name of Director	Number of meetings attended/ number of meetings required to attend
Mr. Zeng Fanyue (<i>Chairman</i>)	7/7
Mr. Wang Dong	1/1
Dr. Li Wenyong	3/3

Corporate Governance Report

COMPENSATION AND APPRAISAL COMMITTEE

The Company has established the Remuneration and Appraisal Committee in accordance with Rule 3.25 of the Listing Rules and Paragraph E.1 of Part II of the CG Code, and has stipulated the written terms of reference. The Remuneration and Appraisal Committee consists of two independent non-executive Directors and one executive director, namely Ms. Dai Bingjie (chairperson of the Remuneration and Appraisal Committee), Ms. Yi Huarong and Mr. Zeng Fanyue.

The primary duty of the Remuneration and Appraisal Committee is to formulate the remuneration and appraisal policies for Directors, assess performance, make proposals on the remuneration and benefits of Directors and senior management, and assess and make proposals on employee benefits, including: (i) Formulating, reviewing and making proposals to the Board regarding the policies and framework for the remuneration and assessment of Directors and senior management, as well as the establishment of formal and transparent procedures for such policies; (ii) Determining the terms for the specific remuneration and benefits of each Director and senior management member; (iii) Reviewing and approving performance-based remuneration by referring to the corporate objectives and purposes agreed upon by the Directors from time to time; and (iv) Reviewing and/or approving matters related to share scheme under Chapter 17 of the Listing Rules.

During the Reporting Period, the Remuneration and Appraisal Committee held five meetings, with all members of the Remuneration and Appraisal Committee attending, and (among others) reviewed the remuneration and benefits of Directors and the remuneration policies and benefits of senior management, purchase of liability insurance for Directors and senior management, the 2025 employee stock ownership plan, and the 2025 Restricted Share Scheme and 2025 Share Option Scheme and other matters.

During the Reporting Period, the attendance of each member of the Remuneration and Appraisal Committee is listed as follows:

Name of Director	Number of meetings attended/ number of meetings required to attend
Ms. Dai Bingjie (<i>Chairperson</i>)	5/5
Ms. Yi Huarong	5/5
Mr. Zeng Fanyue	5/5

Corporate Governance Report

NOMINATION COMMITTEE

The Company has established a nomination committee in accordance with Paragraph B.3 of Part 2 of the CG Code and has stipulated the written terms of reference. The Nomination Committee consists of two independent non-executive Directors and one executive director, namely Mr. Wang Dong (chairman of the Nomination Committee), Mr. Zhou and Ms. Dai Bingjie.

The primary duty of the Nomination Committee is to make proposals to the Board on the appointment and removal of Directors, including reviewing the composition of the Board, identifying, selecting or making proposals to the Board on candidates nominated to serve as Directors, reviewing the independence of independent non-executive Directors, and making proposals to the Board on matters related to the appointment, re-appointment and removal of Directors, as well as supporting the Company in regularly assessing the performance of the Board.

In accordance with the board diversity policy, when the Nomination Committee reviews and assesses candidates suitable for the position of director, it will refer to the Company's business model and specific needs, and consider multiple diversity perspectives, including but not limited to gender, age and educational background, professional qualifications, skills, knowledge, industry and regional experience, and years of service. In addition, the Nomination Committee is responsible for reviewing the board diversity and timely reviewing the board diversity policy to ensure that the board diversity policy remains effective.

When identifying and selecting suitable candidate for directorship, the Nomination Committee will consider the candidate's character, qualifications, experience, independence and other relevant standards as appropriate before making proposals to the Board, so as to align with the corporate strategy and achieve the board diversity.

The Nomination Committee makes proposals to the Board on the appointment of Directors (including independent non-executive Directors) in accordance with the following selection standards and nomination procedures:

- (a) Identify individuals with appropriate qualifications to become members of the Board, and after fully considering the board diversity policy, the articles of association of the Company, the listing rules and applicable laws and regulations, as well as the contributions of the relevant candidates to the Board in terms of qualifications, skills, experience, independence and gender diversity, select or make proposals to the Board regarding individuals nominated to serve as Directors;

Corporate Governance Report

- (b) Assess the time spent and contribution made by each Director to the Board, as well as the competences of Directors to effectively perform their duties after taking into account their existing Director positions in listed issuers on the Stock Exchange of Hong Kong and other significant external time commitments, as well as other factors or circumstances related to the Directors' character, integrity, independence and experience;
- (c) Assess the independence of the independent non-executive Directors by referring to the factors stipulated in Rule 3.13 of the Listing Rules and any other factors deemed appropriate by the Nomination Committee or the Board, to determine their qualifications and to assess whether they can devote sufficient time to handling affairs of the Board; and
- (d) Establish standards for identifying and assessing the qualifications of candidates to directorship, including but not limited to assessing the balance of the Board's skills, knowledge and experience, and based on the relevant assessment, prepare descriptions of the roles and competences required for specific appointments.

During the Reporting Period, the Nomination Committee held four meetings, and reviewed (among others) the structure, number and composition of the Board, assessed the independence of independent non-executive Directors to determine their qualifications, and discussed appointments of Directors and senior management.

During the Reporting Period, the attendance of each member of the Nomination Committee is listed as follows:

Name of Director	Number of meetings attended/ number of meetings required to attend
Mr. Wang Dong (<i>Chairman</i>)	1/1
Mr. Zhou Heping	2/2
Ms. Dai Bingjie	4/4

STRATEGY AND INVESTMENT DECISION COMMITTEE

The Board has established a Strategy and Investment Decision Committee and has stipulated the written terms of reference. The Strategy and Investment Decision Committee consists of two executive Directors and one independent non-executive director, namely Mr. Zhou Heping (chairman of the Strategy and Investment Decision Committee), Ms. Yi Huarong and Mr. Zeng Fanyue.

The primary duty of the Strategy and Investment Decision Committee is to conduct research on matters relating to the Group's long-term development strategy and major decisions and make proposals to the Board.

Corporate Governance Report

During the Reporting Period, the Strategy and Investment Decision Committee held five meetings, and reviewed (among others) matters such as the sales of equity assets, plans for listing in Hong Kong, external investments, and the construction of production bases in China and overseas.

During the Reporting Period, the attendance of each member of the Strategy and Investment Decision Committee is listed as follows:

Name of Director	Number of meetings attended/ number of meetings required to attend
Mr. Zhou Heping (<i>Chairman</i>)	3/3
Ms. Yi Huarong	5/5
Mr. Zeng Fanyue	1/1

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the functions set out in Paragraph A.2.1 of the CG Code.

The Board has formulated, reviewed and monitored the Company's corporate governance policies and practices, the training and continuous professional development of Directors and senior management, the Company's policies and practices regarding compliance with laws and regulatory requirements, compliance with the standard code and the compliance manual applicable to employees and Directors, as well as the Company's compliance with the CG Code and the disclosure in the corporate governance report.

BOARD MEETINGS

The Company adopts the practice of holding regular Board meetings, which are held at least four times a year. Written notices of not less than fourteen days are given in advance for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

Corporate Governance Report

For other extraordinary meetings of the Board, notice must be given three days in advance; in case of emergency, a meeting can be convened at any time by verbal means, telephone, or other means. For meetings of Board committees, notice must also be given in advance according to their respective terms of reference. The agenda and accompanying Board documents, shall be sent to the Directors or Board committee members within the time limit of the meeting stipulated in the Company's relevant policies to ensure that they have sufficient time to review the relevant documents and are adequately prepared for the meetings. When Directors or Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of meetings are kept by the joint company secretaries of the Company with copies circulated to all Directors or Board committee members for information and records.

Minutes of the Board meetings and Board committee meetings are adequately and thoroughly recorded about the matters considered and the decisions reached by the Board and Board committees, including any concerns raised by the Directors/Board committee members. Draft and final versions of the minutes of each Board meeting and Board committee meeting are sent to the Directors/Board committee members for comments and records respectively within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are available for inspection by the Directors.

ATTENDANCE RECORDS OF BOARD AND GENERAL MEETINGS

According to provision C.5.1 of the CG Code, Board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communication. According to code provision C.2.7 of the CG Code, the chairman should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors.

As the H Shares of the Company were listed on the Stock Exchange of on February 13, 2026, the code provisions set out in the CG Code in connection with the number of Board meetings and Board committee meetings held during the Reporting Period are not applicable to the Company for the year ended December 31, 2025. Nevertheless, the Board held 13 meetings and considered, among other things, several proposals including the Company's regular reports, external investments, provision of guarantees for subsidiaries, and listing in Hong Kong. during the Reporting Period. In addition, the Board held four meetings on January 30, 2026, February 27, 2026, March 25, 2026 and March 31, 2026, respectively to consider and approve, among other things, the confirmation of specific matters concerning the Company's listing in Hong Kong, the appointment of overseas accountants, the conduct of hedging business, the 2025 annual report and other related matters.

Corporate Governance Report

The attendance record of each Director at the Board meetings and general meetings held during the Reporting Period is set out below:

Name of Directors	Board meetings Number of meetings attended/ number of meetings required to attend	General meetings Number of meetings attended/ number of meetings entitled to attend
<i>Executive Directors</i>		
Mr. Zhou Heping (<i>Chairman</i>) ⁽¹⁾	7/7	1/1
Ms. Yi Huarong	13/13	3/3
Mr. Liu Zhanli	13/13	3/3
Mr. Xia Chunliang	13/13	2/3
Ms. Deng Yan	13/13	3/3
<i>Non-executive Director</i>		
Dr. Li Wenyong	13/13	2/3
<i>Independent Non-executive Directors</i>		
Mr. Zeng Fanyue	13/13	3/3
Ms. Dai Bingjie	13/13	2/3
Mr. Wang Dong ⁽²⁾	2/2	0/0

Note:

- (1) Mr. Zhou Heping was appointed as an executive Director on June 3, 2025.
- (2) Mr. Wang Dong was appointed as an independent non-executive Director on June 3, 2025. His term of office will come into effect on November 18, 2025.

As the H Shares of the Company were listed on the Stock Exchange of on February 13, 2026, the chairman did not hold a meeting with independent non-executive Directors without the presence of other Directors during the Reporting Period.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

Corporate Governance Report

The management has provided to the Board such explanations and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with updates on the Group's performance, positions and prospects from time to time.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 104 to 109 of this report.

AUDITOR'S REMUNERATION

An analysis of the remuneration paid/payable to the external auditor of the Group, in respect of audit and non-audit services related to the annual audit, for the year ended December 31, 2025, is set out below:

Type of services	Amount (RMB'000)
Audit services related to annual audit	3,157
Non-audit services (including tax advice, financial due diligence and relevant listing application)	<u>2,264</u>
Total	<u>5,421</u>

RISK MANAGEMENT AND INTERNAL CONTROL

The Board confirms that it is responsible for taking responsibility for the risk management and internal control measures of the Group and reviewing their effectiveness and that it is responsible for reviewing the effectiveness of the Group's internal control and risk management system at least once a year to ensure that the existing internal control and risk management system is adequate. The system is designed to manage, rather than to eliminate, the risk of failure to achieve business objectives, promote effective and efficient operations, ensure reliable financial reporting and compliance with applicable laws and regulations, and safeguard the Group's assets and the interests of Shareholder(s), and can only provide reasonable, and not absolute, assurance against material misstatements or losses.

Corporate Governance Report

To monitor and reduce the impact of risks related to the Group's business operations, improve corporate governance and ensure compliance with applicable laws and regulations, the Group has established a risk management framework to identify and reduce risks that are material to the Group's business operations through the adoption of a series of internal policies, guidelines and procedures (including internal budget management procedures and special risk management measures covering market risk, credit risk and liquidity risk) and strengthen corporate governance. The Group regularly evaluates changes in market conditions and business operations to determine whether it needs to update its risk management policies and systems.

The Group has an internal audit function, which mainly analyzes and independently evaluates the adequacy and effectiveness of the Group's risk management and internal control measures and reports its investigation results to the Board at least once a year. The internal control evaluation is led by the Board and the Audit Committee, with the audit department serving as the core role in coordinating the work of the cross-functional evaluation team. To ensure the robustness of internal control evaluation, the team adopts various evaluation methods, including individual interviews, questionnaire surveys, thematic discussions, walkthrough tests, statistical sampling and comparative analysis. These methods are used to comprehensively collect evidence on the effectiveness of internal control design and operation and identify design and operational deficiencies (if applicable).

In addition to the above, the Company has also established procedures to ensure proper processing and disclosure of insider information. The Company implements and strictly enforces procedures related to insider information in accordance with the relevant procedures as set out in the Guidelines on Disclosure of Insider Information (《内幕消息披露指引》) issued by the China Securities Regulatory Commission in June 2012. The Company has established an information disclosure management system to ensure that all material non-public information is released to the market in a timely and orderly manner through designated channels. According to this system, once the Company becomes aware of any insider information or any information that may lead to a false market for the Company's securities, the Company shall disclose such information to the public as soon as reasonably practicable. From the Listing Date and up to the date of this report, the Company has made all disclosures in strict accordance with applicable laws and regulations (including the Listing Rules), and ensures that no false or misleading statements or material omissions have been made to enable investors to obtain any information disclosed on a fair, timely and effective basis.

Corporate Governance Report

In order to maintain a clean business environment of the enterprise and prevent violations of laws and regulations such as commercial bribery and job embezzlement, the Group has established a sound anti-corruption system and ensures that all employees strictly abide by the code of conduct for integrity in professional conduct through regular training, supervision and punishment mechanisms. We have formulated and strictly implemented regulations prohibiting commercial bribery, corruption and improper transfer of benefits, and have clearly defined punishment measures for violations. We adopt a zero-tolerance policy towards corrupt practices: employees who are found to have violated regulations will be suspended from their duties and investigated. If such violation is verified to be true, they will be dismissed. If any criminal act is involved, it will be reported to relevant departments. In order to ensure compliance, the Group provides comprehensive training for all employees, requires them to sign the Anti-Commercial Bribery Self-Discipline Agreement for Employees, and stipulates regular self-examination and rectification.

The Board has reviewed the effectiveness of the Group's risk management and internal control measures for the year ended 31 December 2025 to ensure that the management maintains and operates sound systems in accordance with agreed procedures and standards and corrects material internal control deficiencies. The review covers all material controls, including financial, operational and compliance controls and risk management functions. Specifically, the Board is of the opinion that the resources, employee qualifications and experience, training courses, intellectual property protection system and budget for the accounting, internal audit and financial reporting functions of the Company as well as the ESG performance and reporting of the Company are sufficient. The review was made through discussions with the Company's management and external auditors and evaluation by the Audit Committee.

The Board is of the opinion that the existing risk management and internal control measures are appropriate and effectively and fully cover the existing business of the Group, and will continue to be optimized to support the development of the Group's business.

Corporate Governance Report

JOINT COMPANY SECRETARIES

Ms. Qiu Wei is the joint company secretary of the Company, who is responsible for information disclosures and investor relations affairs of the Company.

In order to maintain good corporate governance and ensure compliance with the Listing Rules and applicable laws of Hong Kong, the Company has also appointed Mr. Tam Ka Lung (who is the Director of Danok Corporate Services Limited) as another joint company secretary to assist Ms. Qiu in discharging the functions of the company secretary of the Company from the date of listing. His main contact person in the Company is Ms. Qiu Wei.

The Company's H Share(s) were not listed on the Stock Exchange during the year ended 31 December 2025. According to Rule 3.29 of the Listing Rules, from the Listing Date, the joint company secretaries of the Company will receive no less than 15 hours of relevant professional training annually.

DIVIDEND POLICY

According to the relevant provisions of the Articles of Association, the distribution of the Company's profits shall follow the following principles: the principle of distribution in accordance with legal order; the principle of making no distribution if there are losses that have not been made up; the principle that the Share(s) held by the Company shall not be subject to profit distribution. The Company's profits may be distributed through cash, stocks or a combination of cash and stocks or other methods permitted by laws and regulations. The Company actively promotes the distribution of dividends in cash, and the Company may make profit distributions in the form of stock dividends on the premise of ensuring sufficient cash dividend distribution and reasonable share capital size and equity structure of the Company in order to maintain a balance between share capital size and performance growth.

The conditions for implementing the distribution of cash dividends include the following four items: (i) the distributable profits achieved by the Company for the year (i.e. the after-tax profits remaining after the Company makes up for losses and withdraws public reserves) are positive, and the cash flows are abundant, and the implementation of distribution of cash dividends will not affect the Company's continued operation in the future; (ii) the cumulative profits of the Company available for distribution are positive; (iii) the audit firm issues a standard unqualified audit opinion on the Company's financial statements for the year; (iv) the Company has no major investment plans or significant cash expenditures (excluding fundraising projects) and other events. Major investment plans or significant cash expenditures represent the cumulative expenditures on the Company's proposed external investments, asset acquisitions or equipment purchases within the next twelve months which reach or exceed 30% of the Company's latest audited net assets.

Corporate Governance Report

Under the condition of meeting the above conditions for the distribution of cash dividends, the Company will actively distribute dividends in cash and conduct the distribution of cash dividends once a year. The Company's Board may propose the distribution of interim cash dividends based on the Company's profitability and funding needs. The Company shall maintain the continuity and stability of its profit distribution policy. The profits distributed in cash each year shall not be less than 10% of the distributable profits achieved in the current year, and the cumulative profits distributed in cash for the past three years shall not be less than 30% of the average annual distributable profits achieved for the past three years.

The Company may distribute profits in the form of stock dividends based on the accumulated distributable profits, provident fund, and cash flow status, while ensuring a reasonable minimum cash dividend ratio and the Company's share capital size, in order to maintain a balance between share capital size and performance growth.

After a resolution on the profit distribution plan is made at the Company's general meeting, or the Board of the Company formulates a specific plan based on the next year's interim dividend conditions and upper limit approved at the annual general meeting, the distribution of dividends (or Share(s)) shall be completed within 2 months.

Corporate Governance Report

DIVIDEND-RELATED TAX MATTERS

Pursuant to the Enterprise Income Tax Law and the Notice on Issues Concerning the Withholding and Remittance of Enterprise Income Tax on Dividends Distributed by Chinese Resident Enterprises to Non-resident Enterprise Shareholders of Overseas H-shares (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) issued by the State Administration of Taxation, the tax rate of the enterprise income tax applicable to the income of a non-resident enterprise deriving from the PRC is 10%. For this purpose, any H shares registered under the name of non-individual enterprise, including the H shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organisations or entities, shall be deemed as shares held by non-resident enterprise shareholders (as defined under the EIT Law). The Company will distribute the dividend to those non-resident enterprise shareholders subject to a deduction of 10% enterprise income tax withheld and paid by the Company on their behalf.

Any resident enterprise (as defined under the EIT Law) which has been legally incorporated in the PRC or which was established pursuant to the laws of foreign countries (regions) but has established effective administrative entities in the PRC, and whose name appears on the Company's H share register should deliver a legal opinion ascertaining its status as a resident enterprise furnished by a qualified PRC lawyer (with the official chop of the law firm issuing the opinion affixed thereon) and relevant documents to Company's H share register, Computershare Hong Kong Investor Services Limited, in due course, if they do not wish to have the 10% enterprise income tax withheld and paid on their behalf by the Company.

Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guoshuifa (1993) No. 045 Document (《關於國稅發(1993) 045號文件廢止後有關個人所得稅徵管問題的通知》) issued by the State Administration of Taxation on June 28, 2011, the dividend to be distributed by the PRC non-foreign invested enterprise which has issued shares in Hong Kong to the overseas resident individual shareholders, is subject to the individual income tax with a tax rate of 10% in general. However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries of their residence and China. Thus, 10% individual income tax will be withheld from the dividend payable to any individual shareholders of H Shares whose names appear on the H share register of members of the Company on the record date, unless otherwise stated in the relevant taxation regulations, tax treaties or the Notice.

The Company will not be liable for nor shall it entertain any claim arising from any delay in, or inaccurate determination of the status of the Shareholders or any disputes over the mechanism of withholding.

Corporate Governance Report

Profit distribution to investors of northbound trading

For investors of the Hong Kong Stock Exchange (including enterprises and individuals) investing in the A shares of the Company listed on the SZSE, their dividends will be distributed in RMB by the Company through the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited to the account of the nominee holding such shares. The Company will withhold and pay income taxes at the rate of 10% on behalf of those investors and will report to the tax authorities for the withholding. For investors of northbound trading who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authorities for the entitlement of the rate under such tax treaty. Upon approval by the tax authorities, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

Profit distribution to investors of southbound trading

For investors of the Shanghai Stock Exchange and SZSE (including enterprises and individuals) investing in the H shares of the Company listed on the Hong Kong Stock Exchange, the cash dividends for the investors of H shares of southbound trading will be paid in RMB. The record date and the date of distribution of cash dividends and other arrangements for the investors of southbound trading will be the same as those for the holders of H shares of the Company. As for the relevant taxation policies, pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Caishui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2014]81號)》) and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Caishui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127號)》), for dividends received by domestic individual investors from investing in the H shares of the Company listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the Company shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in the H shares of the Company listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The Company will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

Shareholders are suggested to consult their tax consultants regarding the tax impacts in China, Hong Kong and other countries (regions) for holding and selling the Company's shares.

Corporate Governance Report

BOARD INDEPENDENCE EVALUATION MECHANISM

According to Code Provision B.1.4 of the CG Code, the Board shall establish a mechanism to ensure that it can obtain independent perspectives and opinions, and the Board shall review the implementation and effectiveness of the relevant mechanism annually.

The Board has adopted the Board Independence Evaluation Mechanism (the “**Mechanism**”), which sets out the principles and guidelines of the Company to ensure that the Board can obtain independent views and opinions.

The Board has established the following mechanisms:

- The Nomination Committee has been established within clear terms of reference to identify suitable candidates to be appointed as Directors, including independent non-executive Directors.
- The Company has formulated a nomination policy, which sets out the procedures and criteria for identifying, selecting, recommending, cultivating and integrating new Directors.
- As for independent non-executive Directors:
 - Each independent non-executive Director shall confirm his/her independence in writing to the Company in accordance with the criteria as set out in the nomination policy and the Listing Rules when he/she is appointed as a Director;
 - Each independent non-executive Director who has any past or present financial or other interests in the business of the Group or has any connection (if any) with any connected person (as defined in the Listing Rules) of the Company shall report it to the Company as soon as practicable;
 - Each independent non-executive Director shall notify the Company of any changes in his/her personal information that may affect his/her independence as soon as practicable.
- The Nomination Committee will evaluate the independence of all independent non-executive Directors annually and confirm whether they still meet the independence criteria as set out in the Listing Rules and whether there are no relationships or circumstances that are likely or appear to affect their independent judgment. Each member of the Nomination Committee shall abstain from voting on the evaluation of his/her own independence.

Corporate Governance Report

- If the Board intends to propose a resolution at the general meeting to elect a person as an independent non-executive Director, the Board will include in the circular to be sent to Shareholder(s) the reasons why they believe that such person should be elected and considered to be independent.
- The Company has established a mechanism that allows Directors to seek independent professional advice while fulfilling their duties at the expense of the Company.
- Directors are also encouraged to independently contact and consult with the Company's senior management when necessary.
- The Company will conduct an annual review of the Board independence ("**Board Independence Evaluation**") to ensure that the Board maintains its independence in judgment and continues to make objective and constructive inquiries on the assumptions and views put forward by the management.
- The Board Independence Evaluation may be conducted by sending individual questionnaires to all Directors, and may be supplemented by individual interviews with each Director if needed, and/or by any other means that the Board deems appropriate and necessary.
- The report on Board Independence Evaluation will be submitted to the Board for collective discussion of the evaluation results and (where appropriate) improvement in action plans.
- The results of the Board Independence Evaluation or a summary thereof will be disclosed in the corporate governance report to ensure accountability and transparency.
- The aforementioned Board Independence Evaluation will be considered an ongoing task for the Company, and if an external assessment of the same matter is required, the Company may seek assistance from external advisors.

The Board has reviewed the implementation of the Mechanism during the period from the Listing Date to the date of this report and believes that the Mechanism has effectively ensured the provision of independent views and opinions to the Board.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

CONVENING OF EXTRAORDINARY GENERAL MEETINGS

According to Article 49 of the Articles of Association, Shareholders individually or jointly holding more than 10% of shares of the Company are entitled to request the Board in writing to convene an extraordinary general meeting. The Board shall, in accordance with the requirements of laws, administrative regulations and the Articles of Association, reply with a written opinion to state whether it agrees or disagrees to convene an extraordinary general meeting within 10 days upon receipt of the request. If the Board agrees to convene the extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days after the date of the resolution of the Board. Any changes made to the original proposal in the notice shall be agreed by the relevant Shareholders. If the Board disagrees to convene the extraordinary general meeting or does not reply within 10 days upon receipt of the proposal, Shareholders individually or jointly holding more than 10% of the shares of the Company are entitled to request the Audit Committee in writing to convene an extraordinary general meeting. If the Audit Committee agrees to convene the extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days upon receipt of the proposal. Any changes made to the original proposals in the notice shall be agreed upon by the relevant Shareholders. If the Audit Committee does not issue the notice of a general meeting within the prescribed period, it shall be deemed as the Audit Committee not convening and not holding the general meeting. Then the shareholders individually or jointly holding more than 10% of the shares of the Company for more than 90 consecutive days are entitled to convene and hold the meeting by themselves.

PROPOSALS AT GENERAL MEETINGS

Shareholders who individually or collectively hold more than 1% of the Company's shares may submit a temporary proposal in writing to the convener 10 days prior to the general meeting. The convener shall issue a supplementary notice of the general meeting within 2 days after receiving the proposal, announcing the content of the temporary proposal and submit the temporary proposal for consideration at the general meeting. However, this does not apply if the temporary proposal violates the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, or if it is not within the scope of the general meeting's authority.

Corporate Governance Report

ENQUIRIES TO THE BOARD

Shareholders and investors who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters of the Company at Woer Industrial Park, Lanjing North Road, Longtian Subdistrict, Pingshan District, Shenzhen, Guangdong, PRC (email address: fz@woer.com).

For the avoidance of doubt, Shareholders must send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Changes to the contact details above will be communicated through the Company's website (www.woer.com), which also contains information and updates on the Group's business developments and operations, as well as press releases and financial information.

COMMUNICATION WITH SHAREHOLDERS

To ensure the Shareholders and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company, the Company has adopted a shareholder's communication policy (the "**Policy**"). According to the Policy, information shall be communicated to Shareholders and the investment community mainly through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and the Shenzhen Stock Exchange and its corporate communications and other corporate publications on the Company's website. The Policy has been reviewed regularly by the Board to ensure its effectiveness. A summary of the Policy is set out below and the full text of which has been published on the Company's website (www.woer.com) for public information.

SHAREHOLDERS' ENQUIRIES

Shareholders should direct their questions about their shareholdings to the Company's registrar.

Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available.

Shareholders and the investment community shall be provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make any query in respect of the Company.

Corporate Governance Report

CORPORATE COMMUNICATION

Corporate communication will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means).

Shareholders are encouraged to provide, amongst other things, in particular, their email addresses to the Company in order to facilitate timely and effective communications.

CORPORATE WEBSITE

A dedicated investor relations section is available on the Company's website (www.woer.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 as soon as practicable after their release.

GENERAL MEETINGS

The Company encourages Shareholders to attend the general meetings or to appoint proxies to attend and vote at meetings on their behalf if they are unable to attend the meetings.

The Company will make appropriate arrangements for the AGM to encourage Shareholders' participation.

The process of the Company's general meetings will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served.

Board members (especially the chairpersons of each committee of the Board or their authorized representatives) and appropriate management executives will attend AGM to answer Shareholders' questions.

Corporate Governance Report

The Company encourages Shareholders to participate in Shareholders' activities organized by the Company as a means of communicating information about the Company to them, including its latest strategic plans, products, and services.

INVESTMENT MARKET COMMUNICATIONS

Investor/analysts telephone conference and one-on-one meetings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums, etc., will be available on an irregular basis in order to facilitate communication between the Company, Shareholders and the investment community.

Having considered the various existing communication channels and feedback from Shareholders, investors, and analysts, the Board considers that the policy has been properly implemented and effective for the year ended December 31, 2025.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company adopted its amended and restated Articles of Association on June 3, 2025 and March 31, 2026. Since March 31, 2026 and up to the date of this report, no amendments have been made to the Company's Memorandum and Articles of Association.

Except as disclosed above, during the Reporting Period and up to the date of this report, no change has been made to the Articles of Association.

The latest version of the Articles of Association is available on the website of the Company (www.woer.com) and the website of the Stock Exchange (www.hkexnews.hk).

Independent Auditor's Report



Moore CPA Limited

1001-1010, North Tower, World Finance Centre,
Harbour City, 19 Canton Road,
Tsim Sha Tsui, Kowloon, Hong Kong

大華馬施雲會計師事務所有限公司

香港九龍尖沙咀廣東道19號
海港城環球金融中心北座1001-1010室

T +852 2375 3180

F +852 2375 3828

www.moore.hk

To the shareholders of Shenzhen Woer Heat-Shrinkable Material Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Shenzhen Woer Heat-Shrinkable Material Co., Ltd. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 110 to 246, which comprise the consolidated statement of financial position of the Group as at 31 December 2025, and the consolidated statements 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 present fairly, in all material respects, 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 IFRS Accounting Standards as issued by the International Accounting Standards Board (the "**IASB**") 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**s") as issued by the Hong Kong Institute of Certified Public Accountants (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.

Independent Auditor's Report

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.

Impairment assessment of goodwill arising from acquisition of subsidiaries

We identified the impairment assessment of goodwill arising from acquisition of subsidiaries as a key audit matter as significant judgement was required to be exercised by the Group's management on the estimation of the recoverable amount of the cash-generating unit ("CGU") to which goodwill has been allocated for impairment test.

As disclosed in note 17 to the consolidated financial statements, the Group's goodwill as at 31 December 2025 was RMB694,828,000.

Our audit procedures in relation to impairment assessment of goodwill arising from acquisition of subsidiaries included:

- understanding the management's assessment process of impairment of goodwill and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and judgements involved in determining the assumptions to be applied;
- discussing with management how they performed the impairment assessment of goodwill, including the process of allocating goodwill to the appropriate CGU, and determining the recoverable amount of the CGU;
- evaluating the competence, capabilities and objectivity of the Valuer appointed by the management;
- assessing the appropriateness of the valuation methodology;

Independent Auditor's Report

KEY AUDIT MATTERS (CONTINUED)

Impairment assessment of goodwill arising from acquisition of subsidiaries (continued)

Goodwill has been allocated to the relevant CGU. Impairment assessment was performed by the management through comparing the recoverable amount of the CGU with the carrying amount of the CGU that include the goodwill. The recoverable amount is the higher of value in use and fair value less costs of disposal. In determining the value in use, the management estimates were based on discounted cash flows taking into account key assumptions including discount rate, future growth rate and expected sales revenue during the projection period. The recoverable amount of the CYG Electronics CGU as described in note 17 to the consolidated financial statements were assessed with the assistance of independent professional qualified valuer (the "Valuer").

No impairment loss have been recognised in respect of the goodwill allocated to the CYG Electronics CGU during the year.

- challenging the reasonableness of valuation methodology and the key estimates and assumptions adopted by the management and Valuer including the historical financial performance and growth rates of the relevant cash-generating units based on our understanding of the business and industry;
- reconciling and evaluating input data and relevant factors including the discount rate, by assessing the cost of capital for the Company and comparable companies, as well as considering territory specific factors;
- comparing the expected changes in projected revenue and gross profits used in the cash flow projection period against historical performance to assess the reliability of management's forecasting progress; and
- evaluating sensitivity analysis of the key assumptions adopted by management to assess what changes thereto, either individually or collectively, would result in a different conclusion being reached and assessing whether there were any indicators of management bias in the selection of key assumptions.

Independent Auditor's Report

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the management 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.

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

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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 HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, 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.

Moore CPA Limited
Certified Public Accountants

Yau Kit Ling
Practising Certificate Number: P07780

Hong Kong, 31 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

		2025	2024
	Notes	RMB' 000	RMB' 000
Revenue	6	8,442,483	6,920,102
Cost of sales		<u>(5,881,505)</u>	<u>(4,809,739)</u>
Gross profit		2,560,978	2,110,363
Other income, gains and losses	7	79,856	91,919
Selling expenses		<u>(388,917)</u>	<u>(353,553)</u>
Administrative expenses		<u>(313,074)</u>	<u>(345,659)</u>
Research and development expenses		<u>(446,202)</u>	<u>(348,694)</u>
Share of results of associates		5,829	9,807
Finance costs	8	<u>(54,337)</u>	<u>(60,439)</u>
Impairment losses on financial assets, net	9	<u>(20,829)</u>	<u>(29,881)</u>
Listing expenses		<u>(1,737)</u>	—
Profit before taxation	9	1,421,567	1,073,863
Income tax expense	10	<u>(200,913)</u>	<u>(153,360)</u>
PROFIT FOR THE YEAR		<u>1,220,654</u>	<u>920,503</u>
OTHER COMPREHENSIVE (EXPENSE)/ INCOME			
Item that may be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>(4,675)</u>	1,280
Item that will not be reclassified to profit or loss:			
Fair value loss on investments in equity instruments at fair value through other comprehensive income, net of tax		<u>(28,961)</u>	<u>(8,926)</u>
Other comprehensive expenses for the year		<u>(33,636)</u>	<u>(7,646)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,187,018</u>	<u>912,857</u>
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		<u>1,143,868</u>	847,551
Non-controlling interests		<u>76,786</u>	<u>72,952</u>
		<u>1,220,654</u>	<u>920,503</u>

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		1,110,298	839,695
Non-controlling interests		76,720	73,162
		1,187,018	912,857
EARNINGS PER SHARE			
Basic (RMB)	14	0.92	0.68
Diluted (RMB)		0.92	0.68

Consolidated Statement of Financial Position

At 31 December 2025

		2025	2024
	Notes	RMB' 000	RMB' 000
NON-CURRENT ASSETS			
Property, plant and equipment	15	3,946,339	3,055,160
Right-of-use assets	16	676,425	487,622
Goodwill	17	694,828	694,828
Intangible assets	18	20,506	25,874
Investment properties	19	14,617	14,321
Interests in associates	20	52,895	57,373
Equity instruments at fair value through other comprehensive income ("FVTOCI")	21	44,768	175,843
Deferred tax assets	31	68,135	61,081
Contract assets	23	8,972	8,016
Trade and other receivables	24	161,415	113,318
Pledged bank deposits	25	12,042	—
Total non-current assets		<u>5,700,942</u>	<u>4,693,436</u>
CURRENT ASSETS			
Inventories	22	1,232,758	865,307
Contract assets	23	33,397	32,205
Trade and other receivables	24	3,909,482	3,465,350
Tax recoverable		9,386	596
Financial assets at fair value through profit or loss ("FVTPL")	21	53,787	145,169
Restricted bank deposits	25	10,805	1,264
Pledged bank deposits	25	21,986	59,489
Bank balances and cash	25	1,288,024	967,510
Total current assets		<u>6,559,625</u>	<u>5,536,890</u>
CURRENT LIABILITIES			
Trade and other payables	26	2,458,520	1,899,931
Tax payables		85,988	89,497
Bank and other borrowings	27	1,538,917	774,452
Lease liabilities	28	38,192	32,980
Contract liabilities	29	94,702	79,306
Deferred income	30	13,347	8,474
Total current liabilities		<u>4,229,666</u>	<u>2,884,640</u>
NET CURRENT ASSETS		<u>2,329,959</u>	<u>2,652,250</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,030,901</u>	<u>7,345,686</u>

Consolidated Statement of Financial Position

At 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	31	97,592	62,398
Bank and other borrowings	27	806,381	901,473
Lease liabilities	28	221,399	193,410
Deferred income	30	101,037	60,076
Total non-current liabilities		1,226,409	1,217,357
Net assets		6,804,492	6,128,329
EQUITY			
Share capital	32	1,259,899	1,259,899
Reserves	33	5,237,215	4,274,906
Total equity attributable to owners of the Company		6,497,114	5,534,805
Non-controlling interests		307,378	593,524
Total equity		6,804,492	6,128,329

The consolidated financial statements on pages 110 to 246 were approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

Yi Huarong
Director

Zhou Heping
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company										
	Share capital RMB'000 (Note 32)	Capital reserve RMB'000	Treasury share RMB'000	Translation reserve RMB'000	Share-based payment reserve RMB'000 (Note 35)	Fair value reserve RMB'000 (Note 33)	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	1,259,899	269,694	(100,050)	(7,087)	1,628	(108,122)	528,736	3,062,849	4,907,547	554,957	5,462,504
Profit for the year	—	—	—	—	—	—	—	847,551	847,551	72,952	920,503
Exchange differences arising on translation of foreign operations	—	—	—	1,173	—	—	—	—	1,173	107	1,280
Fair value loss on investments in equity instruments at fair value through other comprehensive income	—	—	—	—	—	(9,029)	—	—	(9,029)	103	(8,926)
Total comprehensive income/(expense) for the year	—	—	—	1,173	—	(9,029)	—	847,551	839,695	73,162	912,857
Dividend paid (note 13)	—	—	—	—	—	—	—	(211,877)	(211,877)	—	(211,877)
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	—	—	(4,683)	(4,683)
Appropriation of statutory reserve	—	—	—	—	—	—	61,885	(61,885)	—	—	—
Share-based payments	—	—	—	—	1,689	—	—	—	1,689	405	2,094
Acquisition of additional interests in a subsidiary without change in control (note 43)	—	(2,249)	—	—	—	—	—	—	(2,249)	(30,317)	(32,566)
At 31 December 2024	<u>1,259,899</u>	<u>267,445</u>	<u>(100,050)</u>	<u>(5,914)</u>	<u>3,317</u>	<u>(117,151)</u>	<u>590,621</u>	<u>3,636,638</u>	<u>5,534,805</u>	<u>593,524</u>	<u>6,128,329</u>

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company										
	Share capital	Capital reserve	Treasury share	Translation reserve	Share-based payment reserve	Fair value reserve	Statutory reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 32)				(Note 35)	(Note 33)					
At 1 January 2025	1,259,899	267,445	(100,050)	(5,914)	3,317	(117,151)	590,621	3,636,638	5,534,805	593,524	6,128,329
Profit for the year	—	—	—	—	—	—	—	1,143,868	1,143,868	76,786	1,220,654
Exchange differences arising on translation of foreign operations	—	—	—	(4,236)	—	—	—	—	(4,236)	(439)	(4,675)
Fair value (loss)/gain on investments in equity instruments at fair value through other comprehensive income	—	—	—	—	—	(29,334)	—	—	(29,334)	373	(28,961)
Total comprehensive (expense)/income for the year	—	—	—	(4,236)	—	(29,334)	—	1,143,868	1,110,298	76,720	1,187,018
Appropriation of statutory reserve	—	—	—	—	—	—	130,963	(130,963)	—	—	—
Dividend paid (note 13)	—	—	—	—	—	—	—	(170,748)	(170,748)	—	(170,748)
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	—	—	(14,924)	(14,924)
Share-based payments	—	—	—	—	13,900	—	—	—	13,900	917	14,817
Transferred upon vested of share awards	—	2,119	—	—	(2,119)	—	—	—	—	—	—
Decreased in non-controlling interests as a result of acquisition of additional interests in subsidiaries without change in control	—	8,859	—	—	—	—	—	—	8,859	(352,959)	(344,100)
Increase in non-controlling interests as a result of acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	4,100	4,100
Reclassification of fair value reserve upon disposal of equity instruments at FVTOCI	—	—	—	—	—	121,711	—	(121,711)	—	—	—
At 31 December 2025	1,259,899	278,423	(100,050)	(10,150)	15,098	(24,774)	721,584	4,357,084	6,497,114	307,378	6,804,492

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

		2025	2024
	Notes	RMB' 000	RMB' 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,421,567	1,073,863
Adjustments for:			
Finance costs	8	54,337	60,439
Interest income	7	(7,746)	(16,747)
Share of results of associates		(5,829)	(9,807)
Depreciation of property, plant and equipment	15	264,017	239,427
Depreciation of right-of-use assets	16	53,554	34,578
Depreciation of investment properties	19	1,428	1,379
Amortisation of intangible assets	18	8,021	12,688
Written-down of inventories	9	48,012	25,378
Impairment losses on trade receivables	9	21,003	24,302
(Reversal of impairment losses)/ impairment losses on bills receivable	9	(656)	2,147
Impairment losses on other receivables	9	84	1,894
Impairment losses on contract assets	9	398	1,538
Impairment losses on goodwill	9	—	36,479
Impairment losses on property, plant and equipment, net	7	1,487	5,228
Share-based payments	9	14,817	2,094
Gain on fair value change of financial assets at FVTPL	7	(4,076)	(6,330)
Gain on early termination of leases	7	(286)	—
Loss on disposal of property, plant and equipment	7	4,297	7,632
Dividend income received from equity instruments at FVTOCI	7	(1,000)	(3,313)
		1,873,429	1,492,869
Increase in inventories		(416,808)	(180,408)
Increase in trade and other receivables		(798,205)	(847,561)
Increase in contract assets		(2,546)	(17,407)
(Increase)/decrease in restricted bank deposits		(9,541)	2,890
Increase in trade and other payables		711,291	631,746
Increase/(decrease) in contract liabilities		15,396	(10,978)
Increase/(decrease) in deferred income		45,834	(6,041)
Cash generated from operations		1,418,850	1,065,110
Income tax paid		(160,994)	(122,161)
Withholding tax paid		(19,010)	—
Net cash from operating activities		1,238,846	942,949

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

		2025	2024
	Notes	RMB' 000	RMB' 000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		7,746	16,747
Proceeds from disposal of property, plant and equipment		509	6,967
Proceeds from disposal of equity instruments at FVTOCI		97,003	—
Proceeds from disposal of financial assets at FVTPL		1,619,156	2,062,406
Purchase of property, plant and equipment		(1,066,702)	(516,571)
Purchase of intangible assets		(2,653)	(2,498)
Acquisition of assets through acquisition of a subsidiary	42	(2,125)	—
Purchase of financial assets at FVTPL		(1,523,698)	(2,141,000)
Decrease in pledged bank deposits		25,461	2,651
Placement of bank deposit with maturity over three months		(101,520)	(80,000)
Withdrawal of bank deposit with maturity over three months		181,520	60,000
Placement of fixed time deposit		—	(10,025)
Withdrawal of fixed time deposit		10,025	—
Dividends received from an associate		4,457	1,674
Dividends received from equity instruments at FVTOCI	7	1,000	3,313
Capital reduction in associates	20	—	11,074
Capital contribution in an associate	20	(1,000)	—
Acquisition of interests in an associate	20	—	(5,850)
Net cash used in investing activities		(750,821)	(591,112)

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

		2025	2024
	Notes	RMB' 000	RMB' 000
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	37	(50,400)	(56,875)
Additions of borrowings	37	1,553,666	1,452,749
Repayment of borrowings	37	(884,706)	(1,459,055)
Repayment of lease liabilities	37	(207,155)	(37,157)
Dividend paid		(170,748)	(211,877)
Dividend paid to non-controlling interests of subsidiaries		(14,924)	(4,683)
Payment for acquisition of additional interests in subsidiaries	43	(344,100)	(32,566)
Proceeds received from grant of share awards		35,669	—
Payment for listing expenses		8,463	—
Net cash used in financing activities		(74,235)	(349,464)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the year		413,790	2,373
Effect of foreign exchange rate changes, net		877,485	879,070
		(3,251)	(3,958)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	25	1,288,024	877,485

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. GENERAL INFORMATION

Shenzhen Woer Heat-Shrinkable Material Co., Ltd. (the "**Company**") is established in the People's Republic of China (hereafter, the "**PRC**") on 19 June 1998. The Company converted into a joint stock company with limited liability on 28 September 2004. With the approval of the China Securities Regulatory Commission, the Company completed its initial public offering and the Company's shares were listed on the Shenzhen Stock Exchange (stock code: 002130.SZ) on 20 April 2007. On 13 February 2026, the Company's H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited. The registered address and principal place of business of the Company is Woer Industrial Park, Lanjing North Road, Longtian Subdistrict, Pingshan District, Shenzhen, Guangdong Province, PRC.

The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in manufacturing and selling of telecoms cables, electronic material products, new energy vehicles ("**NEV(s)**") power transmission products and electrical cable accessories products and sales of wind power.

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. ADOPTION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to an IFRS Accounting Standard as issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
----------------------	-------------------------

The application of the amendments to an IFRS Accounting Standard in the current year had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

The Group has not applied the following new and amendments to IFRS Accounting Standards have been issued which are not yet effective:

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. ADOPTION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (CONTINUED)

IFRS 18 "Presentation and Disclosure in Financial Statements"

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the consolidated statement of profit or loss and disclosures in the future financial statements. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements has been prepared in accordance with the following accounting policies in accordance with IFRS Accounting Standards issued by the IASB. In addition, the consolidated financial statements includes applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The consolidated financial statements has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

The material accounting policy information are set out below.

4.1. Basis of consolidation

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1. Basis of consolidation (continued)

Changes in the Group's interests in existing subsidiaries

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

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

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets, and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards).

Business combinations or assets acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1. Basis of consolidation (continued)

Business combinations or assets acquisitions (continued)

Asset acquisitions

When the Group acquires a group of assets that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired assumed by allocating the purchase price first to financial assets at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

4.2. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that annual period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.3. Investments in associates

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.3. Investments in associates (continued)

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

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9 "Financial Instruments" ("**IFRS 9**"), the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.3. Investments in associates (continued)

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

Acquisition of additional interests in associates

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

4.4. Revenue from contracts with customers

Revenue from sales of goods

The Group sells telecoms cables, electronic material products, NEV power transmission products and electrical cable accessories products directly to customers in accordance with the contracts entered into with the customers. Revenue is recognised when control of the products has been transferred to the customer, at the point the goods are delivered to the customer. Delivery occurs when the products have been accepted by the customer. The typical credit term is within 90 days effective from the date when the goods are accepted by the customers. When the customer pays in advance for the orders, the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customer.

Revenue from sales of wind power

Revenue from the sales of wind power represents the amount of tariffs billed for electricity generated and transmitted to the respective power companies. Revenue is recognised when the electricity is received by power companies as the consideration become unconditional at this point in time.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.4. Revenue from contracts with customers (continued)

Others

Revenue from manufacturing operations management ("MOM") and manufacturing execution system ("MES") software development, sales and implementation services

The Group recognises revenue from the services rendered for software implementation over time, using an input 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 and the customer simultaneously receives and consumes the benefits provided by the Group. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the services.

4.5. Leases

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

The Group as a lessee

Allocation of consideration to components of a contract

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

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

Short-term leases

The Group applies the short-term lease recognition exemption to leases e.g. motor vehicles/staff quarter that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.5. Leases (continued)

The Group as a lessee (continued)

Right-of-use assets

The cost of right-of-use asset includes:

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

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on the loan prime rate issued by the People's Bank of China.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.5. Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "**lease modifications**").

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.5. Leases (continued)

The Group as a lessee (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

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

The Group as a lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.6. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

4.7. Borrowing costs

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.8. Government grants

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

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

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the profit or loss over the expected useful life of the relevant asset by equal annual installments.

4.9. Employee benefits

Pension obligation

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administered funds managed by the PRC government.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.9. Employee benefits (continued)

Pension obligation (continued)

The Group's contributions to the aforesaid defined contribution retirement schemes are expensed as incurred.

No forfeited contribution is available to reduce the existing level of contribution payable in the future years during each reporting period.

Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

4.10. Share-based payment arrangements

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments is determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares/share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.10. Share-based payment arrangements (continued)

Equity-settled share-based payment transactions (continued)

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to capital reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to capital reserve.

4.11. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.11. Taxation (continued)

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

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

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

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 "Income Taxes" requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.11. Taxation (continued)

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4.12. Property, plant and equipment

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

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets in functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.12. Property, plant and equipment (continued)

Depreciation is recognised so as to write off the cost of assets other than freehold lands and assets under construction less their residual values over their estimated useful lives, using the straight-line method, as follows:

Buildings	20–40 years
Plant and machinery	3–10 years
Motor vehicles	3–10 years
Electricity generation and related equipment	20 years
Leasehold improvements	2–5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The Group transfers a property to investment property when its use has changed as evidenced by the end of owner-occupation.

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

4.13. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.13. Investment properties (continued)

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognized if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

4.14. Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives as follows:

Trademark	1–10 years
Patent	5 years
Others (include software)	5–10 years

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets — research and development expenditure

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.14. Intangible assets (continued)

Internally-generated intangible assets — research and development expenditure (continued)

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.15. Impairment on property, plant and equipment, right-of-use assets, intangible assets other than goodwill and investment properties

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.15. Impairment on property, plant and equipment, right-of-use assets, intangible assets other than goodwill and investment properties (continued)

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.16. Cash and cash equivalents

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

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

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above and form an integral part of the Group's cash management.

4.17. Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4.18. Provisions

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.18. Provisions (continued)

Warranties

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of new energy products that provide quality assurance to meet customer needs, and are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

4.19. Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.19. Financial instruments (continued)

Financial assets

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

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

Classification and subsequent measurement of financial assets

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

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

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income:

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.19. Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Amortised cost and interest income

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

Financial assets at FVTPL

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

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

Equity instruments designated as at FVTOCI

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.19. Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Equity instruments designated as at FVTOCI (continued)

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

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and bills receivables, other receivables, restricted and pledged bank deposits and bank balances and cash), and contract assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade and bills receivables and contract assets. The ECL on these assets are assessed individually.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.19. Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)

Significant increase in credit risk

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.19. Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)

Significant increase in credit risk (continued)

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

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

Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 1 year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.19. Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)

Credit-impaired financial assets

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

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

Write-off policy

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.19. Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)

Measurement and recognition of ECL

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

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

Lifetime ECL for certain trade and bills receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

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

- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.19. Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)

Measurement and recognition of ECL (continued)

The Group measures ECL for the remaining trade and bills receivables and contract assets on an individual basis.

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and bills receivables, contract assets and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

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

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other income, gains and losses' line item (note 7) as part of the net foreign exchange gains/(losses);
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other income, gains and losses' line item as part of the gain/(loss) from changes in fair value of financial assets (note 7); and
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the fair value reserve.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.19. Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

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

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.19. Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities at amortised cost

Financial liabilities including bank and other borrowings, trade and bills payables and other payables are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other income, gains and losses' line item in profit or loss (note 7) as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

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

4.20. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer and directors of the Company that makes strategic decisions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Estimated impairment of property, plant and equipment, right-of-use assets, intangible assets and investment properties

Property, plant and equipment, right-of-use assets, intangible assets and investment properties are stated at costs less accumulated depreciation/amortisation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicator that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Furthermore, the cash flows projections, growth rate and discount rate are subject to greater uncertainties due to uncertainty on how the international conflicts and tensions/volatility or disruptions in financial, foreign currency or commodity markets may progress and evolve.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Estimated impairment of property, plant and equipment, right-of-use assets, intangible assets and investment properties (continued)

Detail of the carrying amounts of property, plant and equipment, right-of-use assets, intangible assets and investment properties subject to impairment assessments and impairment losses that have been recognised are disclosed in notes 15, 16, 18 and 19, respectively.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or group of cash-generating units) and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss/further impairment loss may arise. Furthermore, the estimated cash flows and discount rate are subject to change due to ongoing uncertain macroeconomic and geopolitical environment, which includes the persistent effects of climate changes, higher interest rates and inflation, elections in major economies and international conflicts and tensions.

As at 31 December 2025, the carrying amount of goodwill is approximately RMB694,828,000 (2024: RMB694,828,000) and net of accumulated impairment loss of RMB113,132,000 (2024: RMB113,132,000) respectively. Details of the recoverable amount calculation are disclosed in note 17.

Provision of ECL for trade and other receivables and contract assets

Trade and other receivables and contract assets with significant balances and credit-impaired are assessed for ECL individually. In addition, the Group uses practical expedient in estimating ECL on trade and bills receivables and contract assets which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Provision of ECL for trade and other receivables and contract assets (continued)

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and other receivables and contract assets are disclosed in note 36(b).

As at 31 December 2025, the carrying amounts of trade and other receivables are RMB4,070,897,000 (2024: RMB3,578,668,000). As at 31 December 2025, the carrying amounts of contract assets are RMB42,369,000 (2024: RMB40,221,000). During the year ended 31 December 2025, net impairment losses on trade and other receivables of RMB20,431,000 (2024: RMB28,343,000) in aggregate were recognised, respectively. During the year ended 31 December 2025, impairment losses on contract assets of RMB398,000 (2024: RMB1,538,000) were recognised.

Deferred tax assets

As at 31 December 2025, deferred tax assets of RMB68,135,000 (2024: RMB61,081,000), in relation to deductible temporary differences and unused tax losses for certain operating subsidiaries have been recognised in the consolidated statement of financial position. As at 31 December 2025, no deferred tax asset has been recognised on the tax losses of RMB308,020,000 (2024: RMB282,863,000), due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the foreseeable future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. The uncertainty would depend on how the ongoing uncertain macroeconomic and geopolitical environment, which includes the persistent effects of climate change, higher interest rates and inflation, elections in major economies, and international conflicts and tensions, may progress and evolve. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Fair value measurement of financial instruments

As at 31 December 2025, the Group's unlisted equity investments classified as equity instruments at FVTOCI amounting to RMB16,895,000 (2024: RMB20,000,000), the Group's equity investments listed in National Equities Exchange and Quotations ("NEEQ") classified as equity instruments at FVTOCI amounting to nil (2024: RMB9,879,000), and the Group's investments in wealth management products classified as financial assets at FVTPL amounting to RMB53,787,000 (2024: RMB145,169,000) are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See note 36(d) for further disclosures.

Inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sales. These estimates are based on the current market condition and the historical experience of distributing and selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles or other changes in market condition. The Group will reassess the estimations at each statement of financial position date. As at 31 December 2025, carrying amount of inventories are RMB1,232,758,000 (2024: RMB865,307,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue represents the aggregate of the net amounts received and receivable from customers during the year ended 31 December 2025 and 2024.

Revenue during the year ended 31 December 2025 and 2024 are as follows:

	2025	2024
	RMB' 000	RMB' 000
Revenue from contracts with customers disaggregated by products		
Electronic Communication Business		
Sales of telecoms cable products	2,550,555	1,702,272
Sales of electronic material products	2,851,375	2,599,375
Electrical Power Transmission Product Business		
Sales of NEV power transmission products	1,706,069	1,381,421
Sales of electrical cable accessories products	1,027,263	926,973
Sales of wind power	141,517	151,724
Others	165,704	158,337
Total revenue	8,442,483	6,920,102
Timing of revenue recognition		
Over time	74,229	65,139
At a point in time	8,368,254	6,854,963
Total revenue	8,442,483	6,920,102

No customer contributed more than 10% of the total revenue for the year ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Revenue (continued)

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied as at the end of the reporting period date:

	Sales of telecoms cable products	Sales of electronic material products	Sales of NEV power transmission products	Sales of electrical cable accessories products	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2025						
Within one year	412,835	258,037	277,017	34,749	54,914	1,037,552
More than one year	—	—	—	—	12,636	12,636
	<u>412,835</u>	<u>258,037</u>	<u>277,017</u>	<u>34,749</u>	<u>67,550</u>	<u>1,050,188</u>
As at 31 December 2024						
Within one year	941,289	173,647	152,522	61,925	58,765	1,388,148
More than one year	—	—	—	—	62,479	62,479
	<u>941,289</u>	<u>173,647</u>	<u>152,522</u>	<u>61,925</u>	<u>121,244</u>	<u>1,450,627</u>

(b) Segment information

The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management determined the operating segments based on these reports.

The CODM assesses the performance based on the nature of the Group's businesses which are principally located in the PRC, and comprises four reportable segments as follows:

Electronics & electricity	Sales of electronic material products and electrical cable accessories products
Wires and cables	Sales of telecoms cable products
New energy products	Sales of NEV power transmission products
Wind power	Sales of wind power

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

The accounting policies of the operating segments are the same as the Group's accounting policy described in note 4. Segment results represent the gain generated by each segment without allocation of the income tax expense. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance. Inter-segment sales are charged at prevailing market rates.

Year ended 31 December 2025

	Electronics & electricity	Wires and cables	New energy products	Wind power	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue from external customers	4,013,014	2,577,742	1,710,041	141,686	—	8,442,483
Inter-segment sales	71,088	4,016	1,853	—	(76,957)	—
Total segment revenue	4,084,102	2,581,758	1,711,894	141,686	(76,957)	8,442,483
Segment profit and profit before taxation	914,533	293,914	189,007	91,063	(66,950)	1,421,567
Income tax expense						(200,913)
Profit for the year						1,220,654

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

Year ended 31 December 2024

	Electronics & electricity	Wires and cables	New energy products	Wind power	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue from external customers	3,659,269	1,716,939	1,392,170	151,724	—	6,920,102
Inter-segment sales	52,224	20,085	5,609	—	(77,918)	—
Total segment revenue	3,711,493	1,737,024	1,397,779	151,724	(77,918)	6,920,102
Segment profit and profit before taxation	739,308	110,317	166,658	98,171	(40,591)	1,073,863
Income tax expense						(153,360)
Profit for the year						920,503

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

Other segment information

Year ended 31 December 2025

	Electronics & electricity	Wires and cables	New energy products	Wind power	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to property, plant and equipment	365,079	662,802	125,420	643	—	1,153,944
Additions to intangible assets	1,447	—	1,114	92	—	2,653
Additions to right-of-use assets	139,896	106,605	—	—	—	246,501
Depreciation and amortisation	147,571	96,030	48,878	42,798	(8,257)	327,020
Impairment losses on property, plant and equipment	1,214	—	273	—	—	1,487
Written-down of inventories	14,061	13,807	20,144	—	—	48,012
Impairment losses/(reversal of impairment losses) on financial assets, net	6,390	9,396	4,965	(13)	91	20,829

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

Other segment information (continued)

Year ended 31 December 2024

	Electronics & electricity	Wires and cables	New energy products	Wind power	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000

Amounts included in the
measure of segment profit
or loss or segment assets:

Additions to property, plant and equipment	137,046	195,752	142,270	2,410	(491)	476,987
Additions to intangible assets	1,979	—	310	209	—	2,498
Additions to right-of-use assets	67,006	12,740	95,743	—	(2,708)	172,781
Depreciation and amortisation	152,563	59,522	40,408	43,426	(7,847)	288,072
Impairment losses on property, plant and equipment	4,497	47	684	—	—	5,228
Impairment losses on goodwill	36,479	—	—	—	—	36,479
Written-down of inventories	9,786	3,792	11,800	—	—	25,378
Impairment losses/(reversal of impairment losses) on financial assets, net	13,410	12,217	4,017	(118)	355	29,881

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reporting segments:

	2025	2024
	RMB' 000	RMB' 000
Segment assets		
Electronics and electricity	7,011,510	5,933,654
Wires and cables	2,969,595	2,006,429
New energy products	1,851,512	1,576,187
Wind power	1,098,163	1,112,413
Eliminations	(670,213)	(398,357)
Consolidated assets	<u>12,260,567</u>	<u>10,230,326</u>
Segment liabilities		
Electronics and electricity	3,111,167	2,546,827
Wires and cables	1,911,566	961,621
New energy	989,962	864,139
Wind power	152,052	185,724
Eliminations	(708,672)	(456,314)
Consolidated liabilities	<u>5,456,075</u>	<u>4,101,997</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

Geographical information

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the external customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers	
	2025	2024
	RMB' 000	RMB' 000
The PRC	7,440,050	6,108,050
Others	1,002,433	812,052
	8,442,483	6,920,102

	Non-current assets (note)	
	2025	2024
	RMB' 000	RMB' 000
The PRC	4,882,133	4,235,566
Others	523,477	99,612
	5,405,610	4,335,178

Note:

Non-current assets exclude equity instruments at fair value through other comprehensive income, deferred tax assets, contract assets, trade and other receivables and pledged bank deposits.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. OTHER INCOME, GAINS AND LOSSES

	2025	2024
	RMB'000	RMB'000
Other income		
Government grants (note a)	32,514	30,814
Interest income	7,746	16,747
Dividend income received from equity instruments at FVTOCI	1,000	3,313
Gross rental income	8,177	6,430
Value added tax refund	9,085	2,130
Additional value added tax deductible (note b)	24,262	28,826
	82,784	88,260
Other gains and losses		
Loss on disposal of property, plant and equipment, net	(4,297)	(7,632)
Gain on early termination of leases	286	—
Gain from changes in fair value of financial assets at FVTPL	4,076	6,330
Impairment loss on property, plant and equipment (note 15)	(1,487)	(5,228)
Foreign exchange (loss)/gains, net	(568)	8,530
Others	(938)	1,659
	(2,928)	3,659
	79,856	91,919

Notes:

- (a) Included in the amount are government grants received by the Group amounting to RMB22,989,000 and RMB22,036,000 for the years ended 31 December 2025 and 2024, respectively, representing tax refunds, operating subsidies and various industry-specific subsidies granted by the government authorities to reward the Group's effort for technological innovation with no future related costs to be incurred. There are no unfulfilled conditions relating to such government subsidies recognised.
- (b) Additional value added tax deductible represents the tax authority allows advanced manufacturing enterprises to deduct an additional 5% of their deductible input tax from payable value added tax.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8. FINANCE COSTS

	2025	2024
	RMB'000	RMB'000
Interest expenses on:		
— bank borrowings	41,642	49,462
— lease liabilities	9,171	7,079
— discounted bills	4,367	3,898
Total borrowing costs	55,180	60,439
Less: amounts capitalised in the cost of qualifying assets	(843)	—
	54,337	60,439

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 2.9% per annum to expenditure on qualifying assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. PROFIT BEFORE TAXATION

Profit before taxation has been carried at after charging/(crediting):

	2025	2024
	RMB'000	RMB'000
Auditor's remuneration		
— audit services	3,157	2,560
— non-audit services	2,264	526
	<u>5,421</u>	<u>3,086</u>
Cost of inventories sold	4,155,307	3,474,255
Depreciation of property, plant and equipment (note 15)	264,017	239,427
Depreciation of right-of-use assets (note 16)	53,554	34,578
Amortisation of intangible assets included in administrative expenses (note 18)	8,021	12,688
Depreciation of investment properties (note 19)	1,428	1,379
Total depreciation and amortisation Capitalised in inventories	<u>327,020</u> <u>(268,679)</u>	<u>288,072</u> <u>(223,521)</u>
	<u>58,341</u>	<u>64,551</u>
Impairment losses on goodwill (note 17)	—	36,479
Written-down of inventories (note 22)	48,012	25,378
Impairment losses/(reversal of impairment losses), net:		
— trade receivables	21,003	24,302
— bills receivable	(656)	2,147
— other receivables	84	1,894
— contract assets	398	1,538
	<u>20,829</u>	<u>29,881</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. PROFIT BEFORE TAXATION (CONTINUED)

	2025	2024
	RMB'000	RMB'000
Short-term lease payments	15,795	18,074
Gross rental income from investment properties (note 7)	8,177	6,430
Less: direct operating expenses incurred for investment properties included in administrative expenses	(1,428)	(1,379)
	<u>6,749</u>	<u>5,051</u>
Staff cost (including directors', chief executive's, and supervisors' remuneration):		
Basic salaries, allowances and other benefits in kind	1,260,447	1,087,997
Retirement benefit expense	99,325	72,920
Equity-settled share-based payments	14,817	2,094
	<u>1,374,589</u>	<u>1,163,011</u>
Listing expenses	<u>1,737</u>	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

10. INCOME TAX EXPENSE

(a) Taxation in the consolidated statement of profit or loss

	2025	2024
	RMB'000	RMB'000
Current income Tax:		
Current tax	145,706	142,826
Withholding tax	19,010	—
Under-provision in prior years	2,989	6,082
	<u>167,705</u>	<u>148,908</u>
Deferred tax:		
Current year	33,507	3,817
Attributable to a change in tax rate	(299)	635
	<u>33,208</u>	<u>4,452</u>
	<u>200,913</u>	<u>153,360</u>

The group companies are subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% except for certain subsidiaries of the Company, which are exempt or taxed at preferential rates of 15% entitled by subsidiaries in accordance with relevant tax rules and regulations in PRC or approvals by the tax bureaus in the PRC.

Pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividends declared to foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Company is therefore liable for withholding taxes on any dividends distributable by its subsidiary established in Mainland China in respect of earnings generated from 1 January 2008. Pursuant to the PRC EIT Law, interests income received by the entity without establishments or places of business in China shall be subject to a withholding tax at 10% on gross income from interest.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

10. INCOME TAX EXPENSE (CONTINUED)

(a) Taxation in the consolidated statement of profit or loss (continued)

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

	2025	2024
	RMB'000	RMB'000
Profit before taxation	1,421,567	1,073,863
Tax at the statutory tax rate of 25%	355,392	268,466
Effects of different tax rates applicable to different subsidiaries of the Group	(133,329)	(98,802)
Tax effect of expenses that are not deductible for tax purposes	9,978	10,196
Tax effect of income that is not taxable for tax purposes	(4,400)	(1,984)
Under-provision of taxation in prior years	2,989	6,082
Tax effect of share of results of associates	(883)	(2,452)
Tax effect of temporary difference not recognised	10,679	11,643
Utilisation of deductible temporary difference previously not recognised	(897)	(1,350)
Tax effect of additional tax deduction for eligible research and development expenses (note)	(57,626)	(38,439)
Tax effect of withholding tax on distributed profits of a subsidiary operating on the PRC	18,905	—
Tax effect of withholding tax on loan interest income from a company operating on the PRC	105	—
Income tax expenses for the year	200,913	153,360

Note: An additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable under the PRC EIT Law and relevant regulations.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

10. INCOME TAX EXPENSE (CONTINUED)

(b) Tax effects relating to each component of other comprehensive income

	Before taxation	Taxation charged	Net of taxation
	RMB'000	RMB'000 (Note 31)	RMB'000
For the year ended 31 December 2025			
Fair value change of equity instruments at FVTOCI	<u>(34,072)</u>	<u>5,111</u>	<u>(28,961)</u>
For the year ended 31 December 2024			
Fair value change of equity instruments at FVTOCI	<u>(10,503)</u>	<u>1,577</u>	<u>(8,926)</u>

11. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS

Ms. Yi Huarong is the chief executive of the Company and her emolument disclosed below included those for services rendered by her as the chief executive of the Company and other group entities.

Details of the emoluments paid or payable to the individuals who were appointed as the directors, chief executive and supervisors of the Company (including emoluments for services as employees/directors of the group entities prior to becoming the directors of the Company), during the years ended 31 December 2025 and 2024, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS (CONTINUED)

Year ended 31 December 2025	Salaries, allowances and benefits in kind		Performance related bonuses	Retirement benefit scheme contribution	Share-based compensation	Total
	Fee					
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Executive directors</i>						
Mr. Zhou Wenhe (note (i))	—	67	—	—	—	67
Mr. Zhou Heping (note (ii))	—	4,989	—	—	—	4,989
Ms. Yi Huarong	—	1,982	—	77	—	2,059
Ms. Deng Yan	—	486	—	31	60	577
Mr. Liu Zhanli	—	1,137	—	42	300	1,479
Mr. Xia Chunliang	—	1,176	—	55	367	1,598
Sub-total	—	9,837	—	205	727	10,769
<i>Non-executive directors</i>						
Dr. Li Wenyou	120	—	—	—	—	120
Sub-total	120	—	—	—	—	120
<i>Independent non-executive directors</i>						
Ms. Chen Yanyan	106	—	—	—	—	106
Mr. Zeng Fanyue	120	—	—	—	—	120
Ms. Dai Bingjie	120	—	—	—	—	120
Mr. Wang Dong (note (iii))	14	—	—	—	—	14
Sub-total	360	—	—	—	—	360
<i>Supervisors (note (iv))</i>						
Mr. Wang Jun	—	147	—	16	—	163
Mr. Zheng Yunfei	—	188	—	8	8	204
Ms. Geng Lian	—	84	—	12	—	96
Sub-total	—	419	—	36	8	463
Total	480	10,256	—	241	735	11,712

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS (CONTINUED)

Year ended 31 December 2024	Fee	Salaries, allowances and benefits in kind	Performance related bonuses	Retirement benefit scheme contribution	Share-based compensation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Executive directors</i>						
Mr. Zhou Wenhe (note (i))	—	563	—	—	—	563
Ms. Yi Huarong	—	1,493	—	50	—	1,543
Ms. Deng Yan	—	506	—	29	—	535
Mr. Liu Zhanli	—	886	—	28	—	914
Mr. Xia Chunliang	—	474	—	50	21	545
Sub-total	—	3,922	—	157	21	4,100
<i>Non-executive directors</i>						
Dr. Li Wenyu	120	—	—	—	—	120
Sub-total	120	—	—	—	—	120
<i>Independent non-executive directors</i>						
Ms. Chen Yanyan	120	—	—	—	—	120
Mr. Zeng Fanyue	120	—	—	—	—	120
Ms. Dai Bingjie	120	—	—	—	—	120
Sub-total	360	—	—	—	—	360
<i>Supervisors</i>						
Mr. Wang Jun	—	225	—	20	—	245
Mr. Zheng Yunfei	—	289	—	15	—	304
Ms. Geng Lian	—	162	—	15	—	177
Sub-total	—	676	—	50	—	726
Total	480	4,598	—	207	21	5,306

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS (CONTINUED)

Notes:

- (i) Mr. Zhou Wenhe resigned as executive director of the Company with effect from 10 May 2025.
- (ii) Mr. Zhou Heping was appointed as executive director of the Company with effect from 3 June 2025.
- (iii) Mr. Wang Dong was appointed as independent non-executive director with the effect from 18 November 2025.
- (iv) The board of supervisor was cancelled on 4 June 2025.

The executive directors' and chief executive's emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group during the years ended 31 December 2025 and 2024.

The non-executive directors' emoluments and independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company during the years ended 31 December 2025 and 2024.

During the years ended 2025 and 2024, there was no arrangement under which a director or the chief executive or a supervisor waived or agreed to waive any emolument, and no emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

12. FIVE HIGHEST PAID EMPLOYEES

The individuals whose emoluments were the top 5 highest in the Group for the year ended 31 December 2025 include two (2024: one) directors of the Company whose emoluments are set out in note 11 above. The emoluments paid to the remaining three (2024: four) individuals with the highest emoluments in the Group for the year ended 31 December 2025, are as follows:

	2025	2024
	RMB' 000	RMB' 000
Salaries, allowances and benefits in kind	5,128	9,965
Retirement benefit expense	217	116
Equity-settled share-based payments	690	—
	6,035	10,081

The number of the highest paid employees (including the directors or the supervisors) of the Company whose remuneration fell within the following bands is as follows:

	2025	2024
HK\$1,500,001 to HK\$2,000,000	1	3
HK\$2,000,001 to HK\$2,500,000	2	1
HK\$2,500,001 to HK\$3,000,000	1	—
HK\$5,000,001 to HK\$5,500,000	—	1
HK\$5,500,001 to HK\$6,000,000	1	—

During the years ended 2025 and 2024, no highest paid employees waived or agreed to waive any remuneration and no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. DIVIDENDS

On 31 March 2026, the date on which the consolidated financial statements were authorised for issue, a final dividend in respect of the year ended 31 December 2025 of approximately RMB229.3 million in aggregate (RMB1.65 per 10 ordinary shares) was proposed pursuant to a resolution passed by the board of directors and subject to the approval of the Company's 2025 Annual General Meeting. The proposed dividend is not reflected as dividend payable in the Group's consolidated financial statements.

On 23 June 2025, the payment of a final dividend of approximately RMB170.7 million in aggregate (RMB1.37 per 10 ordinary shares) was paid by the Company in respect of the year ended 31 December 2024.

On 29 May 2024, the payment of a final dividend of approximately RMB211.9 million in aggregate (RMB1.70 per 10 ordinary shares) was paid by the Company in respect of the year ended 31 December 2023.

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company for the years ended 31 December 2025 and 2024 is based on the following data:

	2025	2024
	RMB' 000	RMB' 000
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	1,143,868	847,551
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,246,334	1,246,334
Effect of dilutive potential ordinary shares:		
Share awards	1,060	N/A
Share options	584	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,247,978	1,246,334

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

14. EARNINGS PER SHARE (CONTINUED)

The weighted average number of ordinary shares outstanding during the year ended 31 December 2025 have been adjusted for the effect of the Company's share awards scheme and share option scheme granted in April 2025 and the Company's share awards re-granted in October 2025.

The Group has no potential dilutive ordinary shares in issue for the year ended 31 December 2024.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Freehold land	Plant and machinery	Motor vehicles	Electricity generation and related equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST								
At 1 January 2024	1,400,415	—	1,354,209	26,217	1,004,791	175,317	350,307	4,311,256
Additions	2,083	—	190,532	4,074	33,447	20,190	226,661	476,987
Transfers from construction in progress	160,814	—	22,077	—	—	14,339	(197,230)	—
Disposals	(7,761)	—	(27,419)	(819)	(10,544)	—	—	(46,543)
At 31 December 2024 and 1 January 2025	1,555,551	—	1,539,399	29,472	1,027,694	209,846	379,738	4,741,700
Additions	6,578	114,387	241,329	2,871	64,803	32,984	690,992	1,153,944
Acquisition of a subsidiary (note 42)	—	—	11	—	—	—	8,067	8,078
Transfers from construction in progress	147,625	—	515,037	—	—	29,468	(692,130)	—
Disposals	(309)	—	(19,076)	(6,524)	(3,544)	(1,874)	—	(31,327)
Exchange adjustments	—	2,941	(3,509)	(4)	(247)	—	—	(819)
At 31 December 2025	1,709,445	117,328	2,273,191	25,815	1,088,706	270,424	386,667	5,871,576

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings	Freehold land	Plant and machinery	Motor vehicles	Electricity generation and related equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES								
At 1 January 2024	341,831	—	716,085	17,774	313,160	84,979	—	1,473,829
Depreciation provided for the year	46,901	—	100,315	3,536	58,831	29,844	—	239,427
Impairment provided for the year	—	—	5,223	—	5	—	—	5,228
Eliminated on disposals	(70)	—	(21,068)	(725)	(10,081)	—	—	(31,944)
At 31 December 2024 and 1 January 2025	388,662	—	800,555	20,585	361,915	114,823	—	1,686,540
Depreciation provided for the year	37,250	—	128,896	2,375	55,911	39,585	—	264,017
Impairment provided for the year	—	—	1,403	—	84	—	—	1,487
Eliminated on disposals	(22)	—	(17,406)	(6,061)	(2,005)	(1,027)	—	(26,521)
Exchange adjustments	—	—	(261)	(1)	(24)	—	—	(286)
At 31 December 2025	425,890	—	913,187	16,898	415,881	153,381	—	1,925,237
CARRYING AMOUNT								
At 31 December 2025	1,283,555	117,328	1,360,004	8,917	672,825	117,043	386,667	3,946,339
At 31 December 2024	1,166,889	—	738,844	8,887	665,779	95,023	379,738	3,055,160

Property, plant and equipment with an aggregate amounts of RMB484,371,000 as at 31 December 2025 (2024: RMB409,796,000), are pledged to secure bank borrowings (note 27) granted to the Group.

As at 31 December 2025, the Group is in the process of obtaining the certificates of ownership in respect of certain buildings of the Group with carrying amounts of RMB6,419,000 (2024: RMB6,381,000), from the relevant government authorities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

For the years ended 31 December 2025 and 2024, the management performed impairment assessments on property, plant and equipment, right-of-use assets, intangible assets and goodwill of certain subsidiaries which contains goodwill. The management assessed the recoverable amounts of these assets by assessing the recoverable amounts of the cash-generating units ("CGUs") to which they belong with reference to the value-in-use calculations of the CGUs. The details of the impairment assessments are disclosed in note 17.

In addition to the impairment assessments performed on the CGUs described above, the Group also conducted a review of the Group's production assets and identified certain assets owned by certain subsidiaries were idle and/or obsolete and that it was expected that these assets would not generate future benefit to the Group. Accordingly, impairment loss of RMB1,487,000 (2024: RMB5,228,000) had been recognised for the year ended 31 December 2025.

16. RIGHT-OF-USE ASSETS

	Land use rights RMB'000	Leased properties RMB'000	Total RMB'000
At 31 December 2025 Carrying amount	392,043	284,382	676,425
At 31 December 2024 Carrying amount	263,401	224,221	487,622
For the year ended 31 December 2025 Depreciation charge	8,671	44,883	53,554
For the year ended 31 December 2024 Depreciation charge	6,172	28,406	34,578

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

16. RIGHT-OF-USE ASSETS (CONTINUED)

	2025	2024
	RMB'000	RMB'000
Expense relating to short-term leases	15,795	18,074
Total cash outflow for leases	232,121	62,310
Addition to right-of-use assets	246,501	172,781
Lease modification	854	53,547
Addition upon acquisition of subsidiary (note 42)	4,291	—

During the year ended 31 December, 2025, the land use rights with carrying amount of RMB1,724,000 was transferred to investment properties upon its held to earn rentals.

The Group leases various offices, warehouses and factories for its operations. Lease contracts are entered into fixed term of 1 year to 10 years (2024: 2 years to 10 years) for the year ended 31 December 2025. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Certain land use rights with an aggregate amounts of RMB95,984,000 as at 31 December 2025 (2024: RMB54,615,000) are pledged to secure bank borrowings (note 27) granted to the Group.

Details of impairment assessment are disclosed in note 17.

17. GOODWILL

	RMB'000
COST	
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<u>807,960</u>
IMPAIRMENT	
At 1 January 2024	76,653
Impairment loss recognised for the year	36,479
At 31 December 2024, 1 January 2025 and 31 December 2025	<u>113,132</u>
CARRYING AMOUNT	
At 31 December 2025	<u>694,828</u>
At 31 December 2024	<u>694,828</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

17. GOODWILL (CONTINUED)

For the purpose of impairment testing, the carrying amount of goodwill (net of accumulated impairment losses) is allocated to the Group's cash-generating units ("CGUs") as follows:

	2025	2024
	RMB' 000	RMB' 000
Shenzhen Orbit Systems Inc. ("Shenzhen Orbit CGU")	—	—
CYG Electronics (Group) Co., Ltd. ("CYG Electronics CGU")	694,828	694,828
	694,828	694,828

In addition to goodwill above, property, plant and equipment, intangible assets and right-of-use assets (including allocation of corporate assets) that generate cash flows together with the related goodwill are also included in the respective CGUs for the purposes of impairment assessment.

The recoverable amounts of the CGUs are determined based on value-in-use calculations based on cash flow forecasts derived from the estimated future cash flows covering a 5-year period and with the beyond budgeted period using zero growth rate approved by the directors of the Company.

The key assumptions used in the estimation of value in use are as below:

	2025	2024
Shenzhen Orbit CGU		
Revenue (average growth rate)	N/A	3.00%
Pre-tax discount rate	N/A	13.00%
CYG Electronics CGU		
Revenue (average growth rate)	3.69%	3.56%
Pre-tax discount rate	12.52%	12.80%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

17. GOODWILL (CONTINUED)

The directors of the Company have determined the values assigned to each of the key assumptions as follows:

- Average revenue growth rate over the five-year forecast period is based on past performance and management's expectation of market development; and
- Pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the CGUs.

Impact of possible changes in key assumptions

During the year ended 31 December 2024, the recoverable amount of Shenzhen Orbit CGU was estimated to be lower than its carrying amount prior to the recognition of impairment loss for that year by approximately RMB36,479,000. The directors of the Company had consequently determined that during the year ended 31 December 2024, impairment loss directly related to the Shenzhen Orbit CGU amounting to RMB36,479,000 was recognised. All impairment loss of the CGU was allocated to goodwill belonging to the CGU.

The recoverable amount of CYG Electronics CGU is estimated to exceed its carrying amount at 31 December 2025 by approximately RMB1,520,714,000 (2024: RMB526,004,000).

Management have undertaken sensitivity analysis on the impairment test of goodwill. The recoverable amount of each CGU would equal its carrying amount (net of impairment loss) if each key assumption was to change as follows with all other variables held constant:

	2025	2024
CYG Electronics CGU		
Revenue (average growth rate)	2.17%	2.98%
Pre-tax discount rate	21.19%	15.98%

Note: Apart from the considerations described in determining the value-in-use of the CGUs above, the management of the Group believe that no reasonably possible change in any of the above key assumptions would cause the CGU's recoverable amount to fall below its carrying amount.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. INTANGIBLE ASSETS

	Trademark	Patent	Others	Total
	RMB' 000	RMB' 000	RMB' 000	RMB' 000
COST				
At 1 January 2024	28,938	310,582	7,850	347,370
Additions	2,498	—	—	2,498
Disposals	(108)	—	—	(108)
At 31 December 2024 and 1 January 2025	<u>31,328</u>	<u>310,582</u>	<u>7,850</u>	<u>349,760</u>
Additions	2,653	—	—	2,653
Disposals	(92)	—	—	(92)
At 31 December 2025	<u>33,889</u>	<u>310,582</u>	<u>7,850</u>	<u>352,321</u>
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1 January 2024	23,848	280,210	7,248	311,306
Amortisation for the year	1,670	10,966	52	12,688
Eliminated on disposals	(108)	—	—	(108)
At 31 December 2024 and 1 January 2025	<u>25,410</u>	<u>291,176</u>	<u>7,300</u>	<u>323,886</u>
Amortisation for the year	3,176	4,795	50	8,021
Eliminated on disposals	(92)	—	—	(92)
At 31 December 2025	<u>28,494</u>	<u>295,971</u>	<u>7,350</u>	<u>331,815</u>
CARRYING AMOUNT				
At 31 December 2025	<u>5,395</u>	<u>14,611</u>	<u>500</u>	<u>20,506</u>
At 31 December 2024	<u>5,918</u>	<u>19,406</u>	<u>550</u>	<u>25,874</u>

Details of impairment assessment are disclosed in note 17.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

19. INVESTMENT PROPERTIES

	Properties located in PRC RMB'000
COST	
At 1 January 2024, 31 December 2024, 1 January 2025	28,097
Transfer from right-of-use assets (note 16)	3,144
At 31 December 2025	<u>31,241</u>
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
At 1 January 2024	12,397
Depreciation provided for the year	1,379
At 31 December 2024 and 1 January 2025	13,776
Depreciation provided for the year	1,428
Transfer from right-of-use assets (note 16)	1,420
At 31 December 2025	<u>16,624</u>
CARRYING AMOUNT	
At 31 December 2025	<u>14,617</u>
At 31 December 2024	<u>14,321</u>

As at 31 December 2025, the cost of investment properties is depreciated over their estimated useful lives at an estimated rate of 4.24% (2024: 4.24%).

Independent valuation of the Group's investment properties were performed by independent third party valuers to determine the fair value of the investment properties as at 31 December 2025 and 2024. The fair value of these investment properties as at 31 December 2025 as assessed by the valuers by income approach, which were categorised under level 3 fair value hierarchy were approximately RMB53,700,000 (2024: RMB54,400,000). In estimating the fair value of the investment properties, the highest and best use of the properties is their current use.

The above investment properties are depreciated on a straight-line basis on the following bases:

Properties	Over the term of the lease of investment properties
------------	---

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

20. INTERESTS IN ASSOCIATES

	2025	2024
	RMB' 000	RMB' 000
Cost of unlisted investment	103,057	108,907
Share of post-acquisition loss and other comprehensive expense, net of dividends received	(50,162)	(51,534)
	52,895	57,373

Details of the Group's major associates at 31 December 2025 and 2024 are as follows:

Name	Place of establishment and operation	Equity/beneficial interest held by the Group as at		Principal activities	Note
		2025	2024		
		%	%		
Shanghai Shi Long Hi-Tech Co., Ltd.* ("Shanghai Shi Long")	PRC	44.37%	44.37%	Production and sales of battery separators and functional plastics	N/A
Shenzhen Heqiwor Investment Enterprise (Limited Partnership)* ("Heqiwor")	PRC	48.51%	48.51%	Engaged in venture capital business	N/A
Shenzhen Fujiawor Technology Enterprise (Limited Partnership)* ("Fujiawor")	PRC	48.51%	48.51%	Engaged in venture capital business	(a)
Guizhou Huier New Materials Co., Ltd.* ("Guizhou Huier")	PRC	N/A	39.00%	Research and development, production and sales of flame retardants	(b)

* The English names of these associates registered in the PRC represent the translated names of these companies as no English names have been registered.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

20. INTERESTS IN ASSOCIATES (CONTINUED)

Notes:

- (a) During the year ended 31 December 2024, Fujiawor passed a member's resolution to reduce the paid-up capital from RMB37,128,000 to RMB14,528,000. Accordingly, RMB11,074,000 was refund to the Group.
- (b) During the year ended 31 December 2024, Shenzhen WOER HEAT-SHRINKABLE Co., Ltd. ("**WOER HEAT-SHRINKABLE**"), a wholly owned subsidiary of the Company entered into an agreement with other two independent third parties, which WOER HEAT-SHRINKABLE contributed cash of RMB5,850,000 into Guizhou Huier and acquired 39.00% of equity interest in Guizhou Huier. In May 2025, WOER HEAT-SHRINKABLE contributed RMB1,000,000 capital into Guizhou Huier. In June 2025, WOER HEAT-SHRINKABLE entered into a sale and purchase agreement with a shareholder of the associate to acquire 21.51% of equity interest in Guizhou Huier at a consideration of RMB3,000,000. Upon the completion of the transaction, Guizhou Huier became a non-wholly owned subsidiary of the Group. Details are set in note 42.

Summarised financial information of a material associate

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRS Accounting Standards.

The associates are accounted for using the equity method in the consolidated financial statements.

Shanghai Shi Long

	2025	2024
	RMB' 000	RMB' 000
Current assets	88,530	80,837
Non-current assets	19,386	22,220
Current liabilities	(7,893)	(5,649)
Non-current liabilities	—	(49)
Net assets	100,023	97,359

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

20. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of a material associate (continued)

Shanghai Shi Long (continued)

	2025	2024
	RMB' 000	RMB' 000
Revenue	49,287	42,813
Profit and total comprehensive income for the year	12,711	11,820
Dividends received from the associate during the year	4,457	1,674

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

	2025	2024
	RMB' 000	RMB' 000
Net assets	100,023	97,359
Proportion of the Group's ownership interest	44.37%	44.37%
The Group's share of net assets	44,380	43,198

Aggregate information of associates that are not individually material

	2025	2024
	RMB' 000	RMB' 000
The Group's share of profit and total comprehensive income	189	4,562
Aggregate carrying amount of the Group's interests in these associates	8,515	14,175

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

21. EQUITY INSTRUMENTS AT FVTOCI/FINANCIAL ASSETS AT FVTPL

	2025	2024
	RMB'000	RMB'000
Non-current assets		
Equity instruments at FVTOCI (note a)		
Listed equity investments, at fair value (note b)	27,873	145,964
Equity investments listed in NEEQ, at fair value (note c)	—	9,879
Unlisted equity investments, at fair value	16,895	20,000
	<u>44,768</u>	<u>175,843</u>
Current assets		
Financial assets at FVTPL		
Wealth management products (note d)	53,787	145,169

Notes:

- (a) The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.
- (b) As at 31 December 2025 and 2024, the fair values of the listed shares in the PRC were determined based on the quoted bid price available on the Shenzhen Stock Exchange or Shanghai Stock Exchange. During the year ended 31 December 2025, the Group disposed part of its listed equity investment, at a consideration of RMB81,941,000. A cumulative loss on disposal was RMB124,584,000 has been transferred to retained profits.
- (c) During the year ended 31 December 2025, the Group disposed of its equity investment in NEEQ, at a consideration of RMB15,062,000. A cumulative gain on disposal was RMB2,873,000 has been transferred to retained profits.
- (d) The wealth management product was issued by banks in the PRC and were low-risk in nature. The wealth management products are structured fixed deposits with financial institutions with maturities within one year. The principal of the structured fixed deposits will be invested in debt instruments or derivative markets. The Group received variable return depending on the return of the derivative. The returns of these investments were determined by reference to the performance of the expected return rates stated in the contracts.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

22. INVENTORIES

	2025	2024
	RMB' 000	RMB' 000
Raw materials and consumables	479,929	292,617
Work in progress	47,945	27,532
Finished goods	704,884	545,158
	1,232,758	865,307

The written-down of inventories of approximately RMB48,012,000 (2024: RMB25,378,000) are recognised for the year ended 31 December 2025.

23. CONTRACT ASSETS

	2025	2024
	RMB' 000	RMB' 000
Contract assets arising from:		
Sales of electronics & electricity products	22,338	18,615
Sales of new energy products	1,119	—
MOM and MES software development, sales and implementation services	23,438	25,734
	46,895	44,349
Less: allowance for credit losses	(4,526)	(4,128)
	42,369	40,221
Analysis for reporting purposes:		
Non-current portion	8,972	8,016
Current portion	33,397	32,205
	42,369	40,221

As at 1 January 2024, contract assets of the Group amounted to RMB24,352,000.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

23. CONTRACT ASSETS (CONTINUED)

Contract assets included retention receivables of the Group amounting to RMB22,351,000 (2024: RMB17,684,000) as at 31 December 2025 that are consideration withheld by customers for contract works which are unsecured, interest-free and recoverable after the completion of defect liability period of the relevant contracts, usually being 1 to 2 years from the date of acceptance of the control of goods transferred to the customers.

Contract assets arising from the MOM and MES software development, sales and implementation services as the receipt of consideration is conditional on successful progress of completion of provision of the services. Upon the progress of completion of provision of the services and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

Details of impairment assessment of contract assets are set out in note 36(b).

24. TRADE AND OTHER RECEIVABLES

	2025	2024
	RMB'000	RMB'000
Trade receivables (note a)	3,025,855	2,652,617
Less: allowance for expected credit losses	<u>(182,399)</u>	<u>(162,872)</u>
	<u>2,843,456</u>	<u>2,489,745</u>
Bills receivable (note b)	756,881	701,546
Less: allowance for expected credit losses	<u>(5,433)</u>	<u>(6,089)</u>
	<u>751,448</u>	<u>695,457</u>
Other receivables (note c)	482,140	399,824
Less: allowance for expected credit losses	<u>(6,147)</u>	<u>(6,358)</u>
	<u>475,993</u>	<u>393,466</u>
	<u>4,070,897</u>	<u>3,578,668</u>
Analysis for reporting purposes:		
Non-current portion	161,415	113,318
Current portion	<u>3,909,482</u>	<u>3,465,350</u>
	<u>4,070,897</u>	<u>3,578,668</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

24. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

- (a) As at 1 January 2024, trade receivables from contracts with customers net of allowance for expected credit losses amounted to RMB2,159,964,000.

The Group's trading terms with its customers are mainly on credit. The credit period is mainly within three months. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

The following is an aged analysis of trade receivables net of allowance for expected credit losses presented based on revenue recognition date.

	2025	2024
	RMB' 000	RMB' 000
Within 90 days	2,069,082	1,683,335
90 to 180 days	435,669	300,948
180 to 270 days	135,568	88,908
270 days to 1 year	48,270	212,088
1 year to 2 years	119,345	153,021
Over 2 years	35,522	51,445
	2,843,456	2,489,745

- (b) As at 31 December 2025, the Group continued to recognise the full carrying amounts of bills receivable endorsed to certain of its suppliers in order to settle the trade payables due to such suppliers amounting to RMB312,643,000 (2024: RMB277,516,000) and carrying amounts of bills receivable discounted to certain banks amounting to RMB52,203,000 (2024: RMB110,936,000) since the Group has not transferred the significant risks and rewards relating to these receivables. The relevant payables are accounted for as "endorsed bills payable" under "bank and other borrowings". All bills received by the Group are with a maturity period of less than one year.

Other than bills discounted and endorsed as disclosed in note 36, carrying amount of trade and other receivables amounted to RMB378,653,000 (2024: RMB349,196,000) have been pledged as security for the Group's bank borrowings as at 31 December 2025.

- (c) As at 31 December 2025, other receivables mainly included VAT recoverable amounted to RMB162,243,000 (2024: RMB142,009,000) and prepayment for purchase of property, plant and equipment amounted to RMB151,219,000 (2024: RMB104,627,000). As at 31 December 2025, the deferred issue costs and prepaid listing expenses amounted to RMB19,243,000 (2024: nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

25. BANK BALANCES AND CASH, RESTRICTED AND PLEDGED BANK DEPOSITS

	2025	2024
	RMB'000	RMB'000
Bank balances and cash		
Cash and cash at banks included in cash and cash equivalents in the consolidated statements of cash flows	1,288,024	877,485
Fixed time deposit	—	10,025
Non-pledged time deposits with original maturity of more than three months when acquired	—	80,000
Bank balances and cash in the consolidated statements of financial position	1,288,024	967,510
Restricted bank deposits	10,805	1,264
Pledged bank deposits	34,028	59,489
	<u>1,332,857</u>	<u>1,028,263</u>
Analysis for reporting purposes:		
Non-current portion	12,042	—
Current portion	1,320,815	1,028,263
	<u>1,332,857</u>	<u>1,028,263</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Non-pledged time deposits with original maturity of more than three months when acquired carry fixed interest rate at 2.5% as at 31 December 2024.

Fixed time deposit with original maturity within three months when acquired carry interest rate at 2.4% as at 31 December 2024.

Restricted bank deposits amounting to RMB10,805,000 (2024: RMB1,264,000) as at 31 December 2025, have been frozen by the PRC court pending the outcome of the legal proceedings initiated by the Group's creditors relating to certain sales or purchases contracts. Restricted bank deposits carry fixed interest rate range from 0.01% to 0.1% (2024: 0.1%) as at 31 December 2025. During the year ended 31 December 2025, restricted bank deposits amounting to RMB3,000 (2024: RMB4,142,000) were released from restriction.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

25. BANK BALANCES AND CASH, RESTRICTED AND PLEDGED BANK DEPOSITS (CONTINUED)

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Pledged bank deposits amounting to RMB21,986,000 (2024: RMB59,489,000) as at 31 December 2025, have been pledged to secure bills payable and bank borrowings and are therefore classified as current assets. Pledged bank deposits amounting to RMB12,042,000 (2024: nil) as at 31 December 2025, are not expected to be realised within twelve months from the end of the reporting period are classified as non-current assets. Pledged bank deposits carry fixed interest rate ranged from 0.1% to 2.2% (2024: 0.1% to 1.95%) as at 31 December 2025.

The conversion of the RMB denominated balances maintained in the PRC into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

Details of impairment assessment of bank balances and restricted and pledged bank deposits are set out in note 36(b).

26. TRADE AND OTHER PAYABLES

	2025	2024
	RMB' 000	RMB' 000
Trade payables (note a)	1,206,627	975,403
Bills payable (note b)	591,403	369,105
Other payables (note c)	660,490	555,423
	2,458,520	1,899,931

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

26. TRADE AND OTHER PAYABLES (CONTINUED)

Notes:

- (a) The trade payables are non-interest-bearing and are normally settled on terms range from 30 days to 90 days.

The following is an aged analysis of trade payables as at 31 December 2025 and 2024, presented based on the invoice date.

	2025	2024
	RMB'000	RMB'000
Within 180 days	1,164,806	732,030
180 days to 1 year	16,268	168,825
1 year to 2 years	12,513	61,004
2 years to 3 years	5,002	3,182
Over 3 years	8,038	10,362
	1,206,627	975,403

- (b) The bills payable are guaranteed by banks in the PRC and have maturities of 6 months to 1 year (2024: 6 months to 1 year).
- (c) As at 31 December 2025, other payables included staff costs payables amounted to RMB259,346,000 (2024: RMB234,679,000) and payable for purchase of property, plant and equipment amounted to RMB221,428,000 (2024: RMB168,496,000). As at 31 December 2025, the accrued listing expenses amounted to RMB10,780,000 (2024: nil).

27. BANK AND OTHER BORROWINGS

	2025	2024
	RMB'000	RMB'000
Bank borrowings		
Secured	799,640	621,736
Unsecured	1,141,388	614,688
	1,941,028	1,236,424
Bank borrowings under supplier finance arrangements	39,424	51,049
Endorsed bills payable	364,846	388,452
	2,345,298	1,675,925

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

27. BANK AND OTHER BORROWINGS (CONTINUED)

	2025	2024
	RMB' 000	RMB' 000
The carrying amounts of the above bank borrowings are repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	1,134,647	334,951
Within a period of more than one year but not exceeding two years	268,460	634,813
Within a period of more than two years but not exceeding five years	477,857	237,590
Within a period of more than five years	60,064	29,070
	1,941,028	1,236,424
The carrying amounts of the above bank borrowings under supplier finance arrangements are repayable within one year	39,424	51,049
The carrying amounts of the above endorsed bills payable are repayable within one year	364,846	388,452
	2,345,298	1,675,925
Less: Amounts due within one year shown under current liabilities	(1,538,917)	(774,452)
Amounts shown under non-current liabilities	806,381	901,473

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

	2025	2024
	RMB' 000	RMB' 000
Fixed-rate borrowings	405,190	417,184
Variable-rate borrowings	1,535,838	819,240
	1,941,028	1,236,424

The Group's variable-rate bank borrowings carry interest at Loan Prime Rate. Interest is reset every six months.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

27. BANK AND OTHER BORROWINGS (CONTINUED)

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

	2025	2024
Effective interest rate:		
Fixed-rate borrowings	2.35%–2.60%	2.60%–4.40%
Variable-rate borrowings	2.25%–2.90%	2.60%–3.40%

As at 31 December 2025 and 2024, the secured bank borrowings were pledged by certain assets, details refer to note 40.

The Group has entered into certain supplier finance arrangements with banks, under which the Group obtained extended credit in respect of the invoice amounts owed to certain suppliers of raw materials. Under these arrangements, the banks advanced funds to the Group for the settlement to suppliers on the original due dates of the invoices. The Group then settles with the banks between 11 to 364 days (2024: 20 to 359 days) after loans granted by the banks with interest rates ranging from 2.60% to 3.50% (2024: 2.90% to 3.75%) per annum for the year ended 31 December 2025. These arrangements provide the Group with extended payment terms, compared to the original due dates of the respective invoices. Therefore, the Group classifies the amounts payable to banks as bank borrowings. The interest rates are consistent with the Group's short-term borrowing rates. Information of the Group's supplier finance arrangements is set out in note 44.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

28. LEASE LIABILITIES

	2025	2024
	RMB' 000	RMB' 000
Lease liabilities payable:		
Within one year	38,192	32,980
Within a period of more than one year but not more than two years	76,413	32,749
Within a period of more than two years but not more than five years	92,036	90,148
Within a period of more than five years	52,950	70,513
	259,591	226,390
Less: Amounts for settlement with 12 months shown under current liabilities	(38,192)	(32,980)
Amount due for settlement after 12 months shown under non-current liabilities	221,399	193,410

The weighted average incremental borrowing rates applied to lease liabilities at 3.71% (2024: 4.07%) as at 31 December 2025.

29. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	2025	2024
	RMB' 000	RMB' 000
Sales of electronic material products and electrical cable accessories products	54,703	47,759
Sales of telecoms cable products	2,807	2,941
Sales of NEV power transmission products	11,509	4,837
Sales of wind power	6,127	6,649
Others	19,556	17,120
	94,702	79,306

The Group receives certain amount of the contract values as receipt in advances upon receiving the purchase orders from customers. The receipt in advance results in contract liabilities being recognised until the customer obtains control of the goods.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

29. CONTRACT LIABILITIES (CONTINUED)

As at 1 January 2024, contract liabilities amounted to RMB90,284,000. The contract liabilities amounted of RMB54,594,000 (2024: RMB76,166,000) as at 1 January 2025 were recognised as revenue during the year ended 31 December 2025.

As at 31 December 2025, the significant increase in contract liabilities was mainly due to the increase in advances received from customers.

30. DEFERRED INCOME

	RMB' 000	
At 1 January 2024		74,591
Addition during the year		2,737
Recognised in consolidated statement of profit or loss		(8,778)
At 31 December 2024 and 1 January 2025		68,550
Addition during the year		59,209
Recognised in consolidated statement of profit or loss		(9,525)
Refunded during the year		(3,850)
At 31 December 2025		114,384
	2025	2024
	RMB' 000	RMB' 000
Analysis for reporting purposes:		
Non-current portion	101,037	60,076
Current portion	13,347	8,474
	114,384	68,550

Deferred income mainly represents the PRC local government grants received from relevant PRC authorities for compensate the Group for investments of property, plant and equipment. Government grants received for compensate for the Group's development costs which has not yet been undertaken are included in deferred income and recognised as income on a systematic basis of over the periods that the cost, which it is intended to compensate, are expensed. Government grants received relates to assets invested in laboratory equipment and plant were credited to deferred income and are recognised as income over the expected useful lives of the relevant assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

31. DEFERRED TAX

The following are the Group's major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior years:

	Impairment of assets	Tax losses	Deferred income	Accelerated tax depreciation	Fair value adjustment on business combination not under common control	Leases	Right-of-use assets	Fair value adjustments of equity instruments at FVTOCI	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	31,568	2,773	9,507	(22,642)	(52,418)	3,141	(2,927)	19,133	13,423	1,558
Credited/(charged) to profit or loss	2,713	2,581	(885)	(8,150)	2,043	34,710	(36,148)	—	(681)	(3,817)
Credited to other comprehensive income (note 10 (b))	—	—	—	—	—	—	—	1,577	—	1,577
Effect of change in tax rate	(374)	—	—	(535)	—	1,905	(1,631)	—	—	(635)
At 31 December 2024 and 1 January 2025	33,907	5,354	8,622	(31,327)	(50,375)	39,756	(40,706)	20,710	12,742	(1,317)
Credited/(charged) to profit or loss	6,959	40,690	6,900	(69,994)	2,053	18,205	(23,001)	(21,448)	6,129	(33,507)
Credited to other comprehensive income (note 10 (b))	—	—	—	—	—	—	—	5,111	—	5,111
Effect of change in tax rate	200	841	—	(753)	—	87	(76)	—	—	299
Exchange realignment	(43)	—	—	—	—	—	—	—	—	(43)
At 31 December 2025	41,023	46,885	15,522	(102,074)	(48,322)	58,048	(63,783)	4,373	18,871	(29,457)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

31. DEFERRED TAX (CONTINUED)

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

	2025	2024
	RMB'000	RMB'000
Net deferred tax assets	68,135	61,081
Net deferred tax liabilities	(97,592)	(62,398)
	(29,457)	(1,317)

As at 31 December 2025, the Group has unused tax losses of RMB590,669,000 (2024: RMB309,328,000) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB282,649,000 (2024: RMB26,465,000) as at 31 December 2025 of such losses. No deferred tax asset has been recognised in respect of the remaining RMB308,020,000 (2024: RMB282,863,000) as at 31 December 2025 due to the unpredictability of future profit streams.

Under the relevant tax law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. At the end of the reporting period, the temporary difference associated with undistributed earnings of the PRC subsidiaries for which deferred tax liability has not been recognised is RMB324,034,000. No deferred taxation has been recognised in respect of this difference because the Group is in a position to control the timing of the reversal of the temporary difference and it is probable that such differences will not reverse in the foreseeable future.

As at 31 December 2025, the Group has other deductible temporary differences of RMB92,564,000 (2024: RMB48,482,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

31. DEFERRED TAX (CONTINUED)

The Group has unused tax losses that were not recognised as deferred tax assets due to the unpredictability of future profit streams. The unused tax losses can be carried forward for ten years from the year of the incurrence and an analysis of their expiry dates are as follows:

	2025	2024
	RMB' 000	RMB' 000
Unused tax losses expiring in:		
2025	—	10,643
2026	16,282	17,204
2027	43,635	45,795
2028	39,177	40,049
2029	17,792	26,914
2030	23,557	652
2031	48,428	48,428
2032	30,714	30,714
2033	32,625	32,625
2034	27,020	29,839
2035	28,790	—
	308,020	282,863

32. SHARE CAPITAL

	Number of shares	Amount
	' 000	RMB' 000
Registered, issued and fully paid ordinary shares with par value of RMB1.00 each share		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	1,259,899	1,259,899

Notes:

- (a) At 31 December 2025, the Company had outstanding treasury shares of 13,565,000 (2024: 13,565,000) shares.
- (b) None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

33. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of changes in equity of the consolidated financial statements.

Capital reserve

Capital reserve mainly comprised the excess/deficiency of the considerations paid for/received from over the changes in the carrying amounts of non-controlling interests in the acquisition of further interests in subsidiaries or disposal of part interests in subsidiaries, the fair value of restricted shares granted by the subsidiaries which are yet to be vested and restricted share granted which are to be exercised.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Statutory reserve

Statutory reserves of the Group were established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC. Appropriations to the reserves were approved by the respective boards of directors. The statutory reserve consists of statutory reserve funds and maintenance and production funds.

In accordance with the relevant PRC Regulations, the PRC subsidiaries of the Group are required to appropriate 10% of the annual statutory net profit, after offsetting any prior years' losses to the statutory reserve fund before distributing the net profit. When the respective balance of the statutory reserve fund reaches 50% of the share capital of the PRC subsidiaries, any further appropriation is at the discretion of shareholders of the PRC subsidiaries.

For the entities concerned, statutory reserves fund can be used to offset accumulated losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance after such conversion is not less than 25% of the registered capital.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

33. RESERVES (CONTINUED)

Share-based payments reserve

The share-based payments reserve represents the fair value of awards shares granted which are yet to be vested and share options granted which are yet to be exercised. The amount will either be transferred to the capital reserve when the related awarded shares are released from restriction and the related options are exercised, or be transferred to retained profits when the related shares are vested and related options are expired or are forfeited.

Fair value reserve

Fair value reserve represents the changes in fair value of equity instruments at FVTOCI, net of tax.

34. CAPITAL COMMITMENTS

	2025	2024
	RMB' 000	RMB' 000
Capital expenditure in respect of acquisition of property and equipment and intangible assets contracted for but not provided in the consolidated financial statements	943,940	470,575

35. SHARE-BASED PAYMENT TRANSACTIONS

Share award scheme

Shenzhen Orbit Systems Inc ("Shenzhen Orbit")

A non-wholly owned subsidiary, Shenzhen Orbit's share award scheme (the "**Shenzhen Orbit Share Award Scheme**") was adopted pursuant to a resolution in writing passed on 16 December 2019 for the primary purpose of providing incentives to eligible directors and employees of Shenzhen Orbit (the "**Shenzhen Orbit Awardees**"). Under the Shenzhen Orbit Share Award Scheme, it will be implemented in three tranches. The first phase was implemented on 16 December 2019, the second phase to be implemented within 12 months after the first phase is completed, and the third phase to be implemented within 12 months after the second phase is completed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

35. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share award scheme (continued)

Shenzhen Orbit Systems Inc ("Shenzhen Orbit") (continued)

On July 24, 2020, a resolution was passed by the Shenzhen Orbit, pursuant to resolution, the implementation of the second and third phases of the Shenzhen Orbit Share Award Scheme will be postponed. The second phase will be postponed to 2021, and the implementation time of third phase will be within 12 months after the completion of second phase. On May 11, 2021, a resolution was passed by the Shenzhen Orbit, pursuant to resolution, the implementation of the second and third phases of the Shenzhen Orbit Share Award Scheme will be postponed. The second phase will be postponed to 2022, and the implementation time of third phase will be within 12 months after the completion of second phase.

On 13 July 2022, 387,000 shares of Shenzhen Orbit were granted to the Shenzhen Orbit Awardees ("**2022 Shenzhen Orbit Share Award**"). The Awardees are required to pay RMB5.63 per 2022 Shenzhen Orbit Share Award at the date of grant. Subject to the acceptance of the Awardees, that the Awardees remain as employees of Shenzhen Orbit on the vesting date of the 2022 Shenzhen Orbit Share Award and fulfil certain conditions under the Shenzhen Orbit Share Award Scheme. Upon the fulfilment of the vesting conditions, the awarded shares were restricted from transfer by the Awardees.

On 23 November 2022, a resolution was passed by the Shenzhen Orbit, pursuant to resolution, no further awarded shares were granted to directors or employees of Shenzhen Orbit, the third phase were lapsed. As at 31 December 2025, all the 2022 Shenzhen Orbit Share Award are vested.

The 2022 Shenzhen Orbit Share Award are granted as below:

Date of grant	Vesting period
13 July 2022	13 July 2022 to 13 July 2025

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

35. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share award scheme (continued)

Shenzhen Orbit Systems Inc ("Shenzhen Orbit") (continued)

The following table discloses movements of the 2022 Shenzhen Orbit Share Award under the Shenzhen Orbit Share Award Scheme during the years ended 31 December 2025 and 2024:

2022 Shenzhen Orbit Share Award

	2025	2024
	'000	'000
2022 Shenzhen Orbit Share Award under restriction at 1 January	271	288
Vested during the year	(263)	—
Forfeited during the year	(8)	(17)
2022 Shenzhen Orbit Share Award under restriction at 31 December	—	271

Shenzhen Orbit recognised share award expenses of RMB617,000 (2024: RMB771,000) during the year ended 31 December 2025, in respect of the 2022 Shenzhen Orbit Share Award granted.

LTK Electric Wire (Huizhou) Ltd ("LTK Electric")

An indirectly non-wholly owned subsidiary of the Company, LTK Electric's share award scheme (the "**LTK Electric Share Award Scheme**") was adopted on 1 March 2023 for the primary purpose of providing incentives to eligible director and employees of LTK Electric (the "**LTK Electric Awardees**").

On 1 March 2023, 2,622,000 shares of LTK Electric were granted to the LTK Electric Awardees ("**2023 LTK Electric Share Award**"). The LTK Electric Awardees are required to pay RMB7.30 per 2023 LTK Electric Share Award at the date of grant. Subject to the acceptance of the LTK Electric Awardees, that the LTK Electric Awardees remain as employees of LTK Electric on the vesting date of the 2023 LTK Electric Share Award and fulfill certain conditions under the LTK Electric Share Award Scheme. Upon the fulfillment of the vesting conditions, the awarded shares were restricted from transfer by the LTK Electric Awardees.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

35. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share award scheme (continued)

LTK Electric Wire (Huizhou) Ltd ("LTK Electric") (continued)

The 2023 LTK Electric Share Award is granted as below:

Date of grant	Vesting period
1 March 2023	1 March 2023 to 1 March 2028

The following table discloses movements of the 2023 LTK Electric Share Award under the 2023 LTK Electric Share Award Scheme during the years ended 31 December 2025 and 2024:

	2025	2024
	'000	'000
2023 LTK Electric Share Award under restriction at 1 January	781	2,622
Forfeited during the year	—	(1,841)
2023 LTK Electric Share Award under restriction at 31 December	781	781

The share award outstanding at 31 December 2025 had a weighted average remaining contractual life of 2 years (2024: 3 years).

LTK Electric recognised share award expenses of RMB126,000 (2024: RMB1,323,000) during the year ended 31 December 2025, in respect of the 2023 LTK Electric Share Award granted.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

35. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share award scheme (continued)

2025 Share Award Scheme

The Company's share award scheme (the "**2025 Share Award Scheme**") was adopted pursuant to a resolution passed by all shareholders of the Company on 9 April 2025 for the primary purpose incentives to eligible directors and employees of the Company (the "**Company's Awardees**"). Under the 2025 Share Award Scheme, 3,281,400 shares of the Company were granted to the Company's Awardees (collectively referred to as the "**Awarded Shares**"). The Company's Awardees are required to paid RMB10.87 per Awarded Share at the date of grant. Subject to the acceptance of the Company's Awardees, that the Company's Awardees remain as employees of the Company on the vesting date of the Awarded Shares and fulfil certain conditions under the Share Award Scheme, the Awarded Shares shall be vested as below:

Date of grant	Vesting period
9 April 2025	9 April 2025 to 8 April 2027

During the year ended 31 December 2025, certain Company's awardees forfeited their Awarded Shares and the Company regranted 9,600 shares and 1,500 shares of the Company to certain eligible employees of the Company on 15 October 2025 and 16 October 2025, respectively (collectively referred to as the "**New Awarded Shares**"). All the terms and conditions remain the same as the 2025 Share Award Schemes, the New Awarded Shares shall be vested as below:

Date of grant	Vesting period
15 October 2025	15 October 2025 to 8 April 2027
16 October 2025	16 October 2025 to 8 April 2027

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

35. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share award scheme (continued)

2025 Share Award Scheme (continued)

The following table discloses movements of the Awarded Shares and New Awarded Shares (collectively referred as to the "2025 Awarded Shares") under the 2025 Share Award Scheme during the year ended 31 December 2025:

	Directors	Employees	Total
	'000	'000	'000
2025 Awarded Shares under restriction at 1 January 2025	—	—	—
Issue of Awarded Shares	240	3,041	3,281
Forfeited during the year	—	(16)	(16)
Regranted during the year	—	11	11
2025 Awarded Shares under restriction at 31 December 2025	240	3,036	3,276

The share award outstanding at 31 December 2025 had a weighted average remaining contractual life of 1.3 years.

The fair value of the 2025 Awarded Shares was based on the closing price per share of the Company immediately before date of grant. No other feature of the 2025 Awarded Shares was incorporated into the measurement of fair values. The fair value of share award granted on the grant date are summarised as follows,

	9 April 2025	15 October 2025	16 October 2025
	RMB'000	RMB'000	RMB'000
Fair value of share award granted	16,816	170	27

The Company recognised share award expenses of RMB9,858,000 during the year ended 31 December 2025, in respect of the 2025 Awarded Shares.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

35. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share option scheme

2025 Share Option Scheme

The Company's share option scheme (the "2025 Share Option Scheme") was adopted pursuant to a resolution in writing passed by all the shareholders of the Company on 9 April 2025 for the primary purpose of recognising and acknowledging the contribution of the eligible participants had or may have made to the Group. Under the 2025 Share Option Scheme, the board of directors of the Company may grant options to eligible participants, to subscribe for shares of the Company.

On 24 April 2025, the Company granted 8,137,400 share options to the employees, to subscribe for the ordinary shares of the Company at RMB21.73 per share. The closing price of the shares immediately before the date of grant was at RMB18.38 per share.

Vesting of the shares options is conditional upon the fulfilment of certain performance targets as set out in the respective offer letters to the grantees including financial targets of the Group and individuals performance targets for certain periods.

As at 31 December 2025, the number of shares in respect of which options had been granted and remained outstanding under the 2025 Share Option Scheme was 8,090,600, representing approximately 0.65% of the shares of the Company in issue (excluding the treasury shares) at that date.

Details of the share options are as follows:

<u>Date of grant</u>	<u>Number of share options granted</u> (note) '000	<u>Exercisable period</u>	<u>Vesting period</u>	<u>Exercise price</u>
24 April 2025	4,069	24 April 2026 to 23 April 2027	24 April 2025 to 23 April 2026	RMB21.73 per share
	4,069	26 April 2027 to 21 April 2028	24 April 2025 to 23 April 2027	
	<u>8,138</u>			

Note:

The options are vested upon the fulfilment of certain performance targets to the grantees including financial targets of the Group and individual performance targets for certain periods.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

35. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share option scheme (continued)

2025 Share Option Scheme (continued)

The following table discloses movement of the Company's share options under 2025 Share Option Scheme during the year ended 31 December 2025:

	'000
At 1 January 2025	—
Granted during the year	8,138
Forfeited during the year	(47)
At 31 December 2025	<u>8,091</u>
Exercisable at the end of the year	<u>—</u>

As at 31 December 2025, the weighted average exercise price of the outstanding share options is RMB21.73 and had a weight average remaining contractual life of 1.3 years.

The fair value of the share options were calculated using the Black-Scholes Model. The input into the model were as follows:

Grant date	24 April 2025
Share price on the date of grant	RMB17.98
Exercise price	RMB21.73
Expected volatility	25.49%–29.92%
Contractual life	2–3 years
Risk-free rate	1.45%–1.48%
Expected dividend yield	0.94%

The Group recognised share option expenses of RMB4,216,000 during the year ended 31 December 2025, in respect of the 2025 Share Option Scheme.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025	2024
	RMB'000	RMB'000
Financial assets		
At FVTOCI	44,768	175,843
At FVTPL	53,787	145,169
At amortised cost	4,988,378	4,285,739
	<u>5,086,933</u>	<u>4,606,751</u>
Financial liabilities		
At amortised cost	5,034,390	3,757,873

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, financial assets at FVTPL, certain trade and other receivables, restricted and pledged bank deposits, bank balances and cash, certain trade and other payables, bank and other borrowings and lease liabilities. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

Currency risk

The Group undertakes certain transactions denominated in foreign currencies, which expose the Group to foreign currency risk. The Group currently does not use derivative financial instrument to hedge the foreign exchange risk. The Group manages the foreign currency risk by closely monitoring the movement of the foreign currency rate.

The Group's foreign currency monetary assets are mainly trade and other receivables and bank balances and deposits, and the Group's foreign currency monetary liabilities are mainly trade and other payables.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

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

	2025		2024	
	Assets	Liabilities	Assets	Liabilities
	RMB' 000	RMB' 000	RMB' 000	RMB' 000
United States dollar ("US\$")	361,854	146,113	262,410	26,587
Hong Kong dollar ("HK\$")	6,130	716	1,223	143,116

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase or decrease in RMB against the relevant currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of reporting period for a 5% change in foreign currency rates. A negative number below indicates a decrease in profit where RMB strengthen 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be positive.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

Effect on profit for the year

	2025	2024
	RMB'000	RMB'000
US\$	8,090	8,778
HK\$	203	(5,321)

Interest rate risk

The Group's interest rate risk arises primarily from bank balances and deposits, bank and other borrowings and lease liabilities. Bank balances and deposits at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively. The Group's bank balances and deposits are placed with banks and the management of the Group manages this risk by placing deposits at various maturities and interest rate terms. The Group is also exposed to fair value interest rate risk for bank and other borrowings and lease liabilities. The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of the market rates from bank balances. The Group currently does not hedge its exposure to cash flow and fair value interest rate risk.

No sensitivity analysis is presented since the management of the Group consider the exposure of cash flow interest rate risk arising from variable-rate bank and other borrowings, bank balances and term deposits is insignificant.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Price risk

Equity price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). The Group is exposed to price risk arising from listed equity securities classified as FVTOCI (note 21) at 31 December 2025 and 2024.

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day during each reporting period, and its respective highest and lowest point during each reporting period was as follows:

	2025 RMB	High RMB	Low RMB
Shenzhen Stock Exchange — Component Index	13,525	13,807	9,120
Shanghai Stock Exchange — Component Index	3,969	4,035	3,041
	2024 RMB	High RMB	Low RMB
Shenzhen Stock Exchange — Component Index	10,415	11,864	7,684
Shanghai Stock Exchange — Component Index	3,352	3,674	2,635

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting period. Sensitivity analyses for unquoted equity securities with fair value measurement categorised within Level 3 were disclosed in note 36(b).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Sensitivity analysis (continued)

The following table demonstrates the sensitivity to a reasonably possible change in the fair values of equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of each reporting period.

	31 December 2025			
	Carrying amount of equity investments	Increase/ (decrease) in price	Increase/ (decrease) in profit after tax and retained profits	Increase/ (decrease) in other component of equity
	RMB'000	%	RMB'000	RMB'000
Investments listed in: Stock Exchanges of Shenzhen and Shanghai	27,873	42.04 (42.04)	— —	9,961 (9,961)
	31 December 2024			
Carrying amount of equity investments	Increase/ (decrease) in price	Increase/ (decrease) in profit after tax and retained profits	Increase/ (decrease) in other component of equity	
RMB'000	%	RMB'000	RMB'000	
Investments listed in: Stock Exchanges of Shenzhen and Shanghai	145,964	46.91 (46.91)	— —	58,207 (58,207)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

At the end of the reporting period, 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 is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and bills receivables, contract assets, other receivables, restricted and pledged bank deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

In order to minimise the credit risk, the management of the Group assesses the potential customer's credit quality and defines credit limits by customer and the credit limits assigned to each customer is regularly reviewed by the management of the Group. Follow-up actions are taken by the Group to recover overdue debts if any. The Group only accepts bills issued or guaranteed by reputable PRC banks if trade receivables are settled by bills and therefore the management of the Group considers the credit risk arising from the endorsed bills is significantly reduced. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Trade receivables and contract assets

For trade receivables and contract assets, the management of the Group assesses the collectability of the trade receivables and contract assets regularly individually and/or collectively for the determination of any loss allowance for the trade receivables and contract assets by taking into account the customers' financial condition, current creditworthiness, past settlement history, business relationship with the Group and other factors such as current market conditions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade receivables and contract assets (continued)

Certain customers of the Group which has a significant outstanding trade receivables and contract assets balances due to the Group with gross carrying amount of RMB155,108,000 (2024: RMB183,987,000) in aggregate as at 31 December 2025, was assessed for allowance for credit losses individually. The management assessed for the allowance for credit losses for lifetime by estimating default rate taking into account historical and forward looking information. As at 31 December 2025, allowance for expected credit losses of RMB44,000 (2024: RMB536,000), was made on the trade receivables and contract assets due from these customers. During the year ended 31 December 2025, reversal of impairment losses on trade receivables and contract assets due from these debtors amounted to RMB467,000 (2024: RMB532,000) were recognised and included in the profit or loss.

For the remaining debtors, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL, as the Group's historical credit loss experience does not indicate significant different loss patterns for different customer segments and the allowance for credit losses based on the past due status is not further distinguished between the Group's customer bases. During the year ended 31 December 2025, impairment losses on trade receivables and contract assets due from remaining debtors amounted to RMB21,868,000 (2024: RMB26,372,000) were recognised and included in the profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade receivables and contract assets (continued)

The following table provides information about the Group's exposure to credit risk within lifetime ECL for trade receivables and contract assets due from customers other than the abovementioned individually evaluated customers, which are assessed based on provision matrix as at 31 December 2025 and 2024:

	As at 31 December 2025			As at 31 December 2024				
	Expected loss rate	Gross carrying amount	Loss allowance	Net carrying amount	Expected loss rate	Gross carrying amount	Loss allowance	Net carrying amount
		RMB'000	RMB'000	RMB'000		RMB'000	RMB'000	RMB'000
ECL assessed collectively based on debtors' aging								
Within 90 days	5.00%	2,161,664	(108,082)	2,053,582	5.00%	1,749,309	(87,464)	1,661,845
90 to 180 days	5.00%	455,657	(22,784)	432,873	5.00%	304,073	(15,203)	288,870
180 to 270 days	5.00%	131,193	(6,560)	124,633	5.00%	82,908	(4,146)	78,762
270 days to 1 year	5.00%	35,121	(1,756)	33,365	5.00%	219,674	(10,984)	208,690
1 to 2 years	19.10%	79,194	(15,130)	64,064	19.11%	122,784	(23,468)	99,316
2 to 3 years	44.22%	34,613	(15,305)	19,308	47.98%	16,554	(7,943)	8,611
Over 3 years	85.47%	20,200	(17,264)	2,936	97.62%	17,677	(17,256)	421
		2,917,642	(186,881)	2,730,761		2,512,979	(166,464)	2,346,515
Individually evaluated customers		155,108	(44)	155,064		183,987	(536)	183,451
Balance as at		3,072,750	(186,925)	2,885,825		2,696,966	(167,000)	2,529,966

Note:

The management of the Group determined the ECL rates for portfolio of trade receivables and contract assets due from customers with reference to past-due status of such balances by estimating their default rates taking into account historical information (e.g. historical flow rate of receivables moving into the next aging bucket in the subsequent period, actual historical loss, etc.) and forward-looking information.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade receivables and contract assets (continued)

Movements in the allowance for expected credit losses in respect of trade receivables and contract assets during the years ended 31 December 2025 and 2024 are as follows:

	Lifetime ECL (Not credit impaired) RMB' 000	Lifetime ECL (Credit impaired) RMB' 000	Total RMB' 000
At 1 January 2024	141,964	1,113	143,077
Transfer to credit-impaired	(1,937)	1,937	—
Impairment loss recognised/ (reversed), net	26,372	(532)	25,840
Impairment losses written off	—	(1,982)	(1,982)
Exchange re-alignment	65	—	65
At 31 December 2024 and 1 January 2025	166,464	536	167,000
Transfer to credit-impaired	(1,289)	1,289	—
Impairment loss recognised/ (reversed), net	21,868	(467)	21,401
Impairment losses written off	—	(1,314)	(1,314)
Exchange re-alignment	(162)	—	(162)
At 31 December 2025	186,881	44	186,925

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Bills receivable

As at 31 December 2025, the Group has exposed to credit risk on bills receivable with gross carrying amount of RMB756,881,000 (2024: RMB701,546,000). As part of the Group's credit risk management, the Group assessed the expected credit losses for bills receivable where reversal of RMB656,000 (2024: impairment loss of RMB2,147,000) was recognised in profit or loss for the year ended 31 December 2025. The management of the Group considers the historical data, current and forecast of the economic environment of the debtors operate. The credit risk on the bills receivable are insignificant as the probability of default is significantly reduced after assessing the counterparties' financial background and creditability.

Movement in the loss allowance account in respect of bills receivable during the years ended 31 December 2025 and 2024 is as follows:

	<u>12m ECL</u> <u>RMB'000</u>
At 1 January 2024	3,942
Impairment loss recognised, net	2,147
At 31 December 2024 and 1 January 2025	6,089
Impairment loss reversed, net	(656)
At 31 December 2025	<u>5,433</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Other receivables

As at 31 December 2025, the Group has exposed to credit risk on others receivables with gross carrying amount of RMB66,764,000 (2024: RMB78,632,000). As part of the Group's credit risk management, the Group assessed the expected credit losses for other receivables where impairment loss of RMB84,000 (2024: RMB1,894,000) were recognised in profit or loss for the year ended 31 December 2025, respectively. The management of the Group considers the historical data, current and forecast of the economic environment of the debtors operate. The credit risk on the others receivables are insignificant as the probability of default is significantly reduced after assessing the counterparties' financial background and creditability.

Movement in the loss allowance account in respect of other receivables during the years ended 31 December 2025 and 2024 is as follows:

	Lifetime ECL (Not credit impaired)	Lifetime ECL (Credit impaired)	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2024	4,665	46	4,711
Transfer to credit-impaired	(224)	224	—
Impairment loss recognised, net	1,888	6	1,894
Impairment losses written off	—	(247)	(247)
At 31 December 2024 and 1 January 2025	6,329	29	6,358
Transfer to credit-impaired	(271)	271	—
Impairment loss recognised, net	84	—	84
Impairment losses written off	—	(272)	(272)
Exchange re-alignment	(23)	—	(23)
At 31 December 2025	6,119	28	6,147

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Restricted and pledged bank deposits and bank balances

Credit risk on restricted and pledged bank deposits and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies or state-owned banks in the PRC.

Transferred financial assets that are derecognised in their entirety

At 31 December 2025, the Group, endorsed certain bills receivable accepted by banks in the PRC (the "**Derecognised Bills**") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB898,309,000 (2024: RMB673,560,000).

The Derecognised Bills had a maturity of one to nine months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "**continuing involvement**"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's continuing involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's continuing involvement in the Derecognised Bills are not significant.

During the years ended 31 December 2025 and 2024, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the continuing involvement, both during each reporting period or cumulatively. The endorsement has been made evenly throughout the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank and other borrowings and ensures compliance with loan covenants.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average interest rate	On demand and/or less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total contractual undiscounted cash flow	Total carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2025							
Trade and other payables	—	2,429,501	—	—	—	2,429,501	2,429,501
Bank and other borrowings	2.52%	1,566,985	302,622	505,811	64,460	2,439,878	2,345,298
Lease liabilities	3.71%	47,521	83,853	103,534	56,205	291,113	259,591
		<u>4,044,007</u>	<u>386,475</u>	<u>609,345</u>	<u>120,665</u>	<u>5,160,492</u>	<u>5,034,390</u>
At 31 December 2024							
Trade and other payables	—	1,855,558	—	—	—	1,855,558	1,855,558
Bank and other borrowings	3.05%	799,093	660,213	273,099	29,867	1,762,272	1,675,925
Lease liabilities	4.07%	41,467	39,976	103,638	76,647	261,728	226,390
		<u>2,696,118</u>	<u>700,189</u>	<u>376,737</u>	<u>106,514</u>	<u>3,879,558</u>	<u>3,757,873</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the years ended 31 December 2025 and 2024.

The capital structure of the Group consists of net debt, which includes the bank and other borrowings and lease liabilities disclosed in notes 27 and 28 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The directors of the Company review the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the maturity of lease liabilities as well as new share issues and increase of banking facilities or redemption of existing debt.

(d) Fair value measurements of financial instruments

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values at the end of each reporting period based on discounted cash flow analysis.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value measurements of financial instruments (continued)

	Level 1	Level 2	Level 3	Total
	RMB' 000	RMB' 000	RMB' 000	RMB' 000
At 31 December 2025				
Equity instruments at FVTOCI	27,873	—	16,895	44,768
Financial assets at FVTPL	—	—	53,787	53,787
	<u>27,873</u>	<u>—</u>	<u>70,682</u>	<u>98,555</u>
At 31 December 2024				
Equity instruments at FVTOCI	145,964	—	29,879	175,843
Financial assets at FVTPL	—	—	145,169	145,169
	<u>145,964</u>	<u>—</u>	<u>175,048</u>	<u>321,012</u>

The following table presents the changes in level 3 instruments of equity instruments at FVTOCI and financial assets at FVTPL as at 31 December 2025 and 2024.

	2025	2024
	RMB' 000	RMB' 000
FVTOCI (Note (i))		
At the beginning of the year	29,879	27,557
Changes in fair value	2,078	2,322
Disposals	(15,062)	—
At the end of the year	<u>16,895</u>	<u>29,879</u>
FVTPL (Note (ii))		
At the beginning of the year	145,169	60,245
Additions	1,523,698	2,141,000
Disposals	(1,619,156)	(2,062,406)
Changes in fair value	4,076	6,330
At the end of the year	<u>53,787</u>	<u>145,169</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value measurements of financial instruments (continued)

Notes:

- (i) The fair values of equity instruments at FVTOCI as at 31 December 2025 and 2024 have been arrived at on the basis of a valuation carried out on the respective dates by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified professional valuer not connected to the Group.

	<u>RMB'000</u>	<u>Valuation Techniques</u>	<u>Key unobservable input(s)</u>		<u>Relationship of unobservable inputs to fair values</u>
			Discount for lack of marketability ("DLOM")	Price-to-book value("P/B")	
Financial assets					
Unlisted equity instruments at FVTOCI					
At 31 December 2025	16,895	Market approach	15.60%	0.50	An increase in DLOM used would result in a decrease in the fair value measurement of the unlisted equity instruments, and vice versa.
At 31 December 2024	20,000	Market approach	15.60%	0.79	An increase in P/B used would result in an increase in the fair value measurement of the unlisted equity instruments, and vice versa.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value measurements of financial instruments (continued)

Notes: (continued)

(i) (continued)

	RMB'000	Valuation Techniques	Key unobservable input(s)		Relationship of unobservable inputs to fair values
			Discount for lack of marketability ("DLOM")	EV/EBITDA Ratio	
Financial assets					
Equity investments listed in NEEQ at FVTOCI At 31 December 2024	9,879	Market approach	15.60%	9.04	An increase in DLOM used would result in a decrease in the fair value measurement of the equity investments listed in NEEQ, and vice versa. An increase in EV/EBITDA ratio used would result in an increase in the fair value measurement of the equity investments listed in NEEQ, and vice versa.

(ii) As at 31 December 2025, the fair value of financial assets at FVTPL amounting to RMB53,787,000 (2024: RMB145,169,000), is determined by the spot rate quoted by the issuer of the financial products. These wealth management products are structured fixed deposits with financial institutions with maturities within one year. Details are disclosed in note 21.

If the fair values of the financial assets at FVTPL held by the Group had been 5% higher/lower, the profit before taxation for the year ended 31 December 2025 would have been approximately RMB2,689,000 (2024: RMB7,258,000), higher/lower.

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

37. RECONCILIATION OF LIABILITIES GENERATED FROM FINANCING ACTIVITIES

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

	Bank and other borrowings	Lease liabilities	Other payables
	RMB'000	RMB'000	RMB'000
At 1 January 2024	1,682,565	37,275	—
Net financing cash flows	(56,102)	(44,236)	—
Non-cash transactions			
Finance cost recognised	49,462	7,079	—
New leases entered	—	172,781	—
Lease modification	—	53,547	—
Exchange re-alignment	—	(56)	—
At 31 December 2024 and 1 January 2025	1,675,925	226,390	—
Net financing cash flows	627,731	(216,326)	(8,463)
Non-cash transactions			
Finance cost recognised	40,799	9,171	—
Interest expenses capitalised to construction in progress	843	—	—
New leases entered	—	246,501	—
Lease modification	—	854	—
Early termination of lease	—	(5,978)	—
Deferred and accrued listing expenses	—	—	19,243
Exchange re-alignment	—	(1,021)	—
At 31 December 2025	2,345,298	259,591	10,780

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. RELATED PARTY TRANSACTIONS

The following significant transactions were carried out between the Group and its related parties during the years ended 31 December 2025 and 2024. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Name and relationship with related parties

The following companies are related parties of the Group that had balances and/or transactions with the Group during the years ended 31 December 2025 and 2024.

Name of related parties	Relationship with the Group
Heqiwor	Associate of the Company
Fujiawor	Associate of the Company

(b) Significant related party transactions

	2025	2024
	RMB' 000	RMB' 000
Rental income from:		
Heqiwor	23	23
Fujiawor	23	23
	46	46

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Significant balances with related parties

As disclosed in the consolidated statements of financial position, the Group had outstanding balances with related parties at 31 December 2025 and 2024 as follows:

	2025	2024
	RMB'000	RMB'000
Trade and other receivables from (Note (i))		
Heqiwor	6	6
Fujiawor	6	6
	12	12

Note:

- (i) The balances with related parties are trade in nature, unsecured, interest-free and repayable on demand.

(d) Key management personnel compensations

The remuneration of directors and other members of key management during the years ended 31 December 2025 and 2024 was as follows:

	2025	2024
	RMB'000	RMB'000
Short-term employee benefits	13,817	11,282
Retirement benefit expense	444	312
Equity-settled share-based payments	1,725	21
	15,986	11,615

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. NON-WHOLLY OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of entities	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interest	
	2025	2024	2025	2024	2025	2024
	%	%	RMB'000	RMB'000	RMB'000	RMB'000
CYG Electronics (Group) Co., Ltd. ("CYG Electronics (Group)") (note)	0%	25.00%	23,496	31,137	N/A	325,590
Shenzhen Woer New Energy Electric Technology Co., Ltd. ("Shenzhen Woer New Energy Electric Technology")	23.29%	23.29%	25,544	20,956	117,037	94,780
LTK Electric	5.68%	5.68%	14,725	9,031	56,884	53,528

Note:

During the year ended 31 December 2025, the Group acquired additional equity interests in CYG Electronics (Group) and the Group's effective equity interests in CYG Electronics (Group) increased from 75% to 100%.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. NON-WHOLLY OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information in respect of CYG Electronics (Group) is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2025	2024
	RMB' 000	RMB' 000
Current assets	N/A	1,206,109
Non-current assets	N/A	538,427
Current liabilities	N/A	(345,261)
Non-current liabilities	N/A	(96,915)
	2025	2024
	RMB' 000	RMB' 000
Revenue before the non-controlling interests acquired by the Group	605,234	1,186,578
Total expense before the non-controlling interests acquired by the Group	(511,251)	(1,062,029)
Profit and total comprehensive income for the year before the non-controlling interests acquired by the Group	93,983	124,549
Net cash flows generated from operating activities	N/A	94,902
Net cash flows used in investing activities	N/A	(165,481)
Net cash flows from financing activities	N/A	185,009
Net increase in cash and cash equivalents	N/A	114,430

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. NON-WHOLLY OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information in respect of Shenzhen Woer New Energy Electric Technology is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2025	2024
	RMB' 000	RMB' 000
Current assets	887,413	688,186
Non-current assets	187,049	134,239
Current liabilities	(542,220)	(372,323)
Non-current liabilities	(29,723)	(43,148)
	2025	2024
	RMB' 000	RMB' 000
Revenue	1,194,156	893,470
Total expense	(1,084,479)	(803,490)
Profit and total comprehensive income for the year	109,677	89,980
Net cash flows generated from operating activities	20,759	61,611
Net cash flows used in investing activities	(16,764)	(33,277)
Net cash flows (used in)/from financing activities	(3,262)	9,812
Net increase in cash and cash equivalents	733	38,146

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. NON-WHOLLY OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information in respect of LTK Electric is set out below. The summarised financial information below represents amounts before intergroup eliminations.

	2025	2024
	RMB' 000	RMB' 000
Current assets	1,416,409	1,085,418
Non-current assets	1,529,410	801,299
Current liabilities	(1,246,001)	(812,400)
Non-current liabilities	(698,335)	(131,919)
	2025	2024
	RMB' 000	RMB' 000
Revenue	2,578,036	1,730,154
Total expense	(2,318,791)	(1,608,557)
Profit for the year	259,245	121,597
Other comprehensive (expense)/income for the year	(3,323)	3,253
Profit and total comprehensive income for the year	255,922	124,850
Net cash flows generated from/(used in) operating activities	237,963	(26,175)
Net cash flows used in investing activities	(515,460)	(112,437)
Net cash flows from financing activities	279,404	30,644
Net increase/(decrease) in cash and cash equivalents	1,907	(107,968)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. PLEDGE OF ASSETS

The Group's bank borrowings had been secured by the Group's assets and the carrying amounts of the respective assets are as follows:

	2025	2024
	RMB' 000	RMB' 000
Property, plant and equipment	484,371	409,796
Right-of-use assets	95,984	54,615
Trade and other receivables	378,653	349,196
Pledge bank deposits	34,028	59,489
	993,036	873,096

41. OPERATING LEASING ARRANGEMENTS

All of the properties held for rental purposes have committed lessees for the next 3 years to 12 years.

Undiscounted lease payments receivable on leases are as follows:

	2025	2024
	RMB' 000	RMB' 000
Within one year	3,920	3,877
In the second year	3,673	3,812
In the third year	2,929	3,756
In the fourth year	2,884	2,828
In the fifth year	2,877	2,821
After five years	16,223	19,101
	32,506	36,195

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

Acquisition of Guizhou Huier

On 16 May 2025, a wholly owned subsidiary, WOER HEAT-SHRINKABLE entered into an agreement with an independent third party to acquire 21.51% equity interest of "Guizhou Huier" at a consideration of RMB3,000,000, resulting an increase in shareholding from 49.10% to 70.61%. The fair value of the consideration was amounted to RMB3,000,000 as at the date of acquisition.

Guizhou Huier is principally engaged in research and development, production and sales of flame retardants incorporated in the PRC of which the land use rights will legally expire in 2069. The acquisition was determined by the Directors to be the acquisition of assets and liabilities through acquisition of a subsidiary rather than a business combination as the assets acquired and liabilities assumed did not constitute a business as defined under IFRS 3 "*Business Combinations*".

Assets recognised at the date of acquisition

	RMB' 000
Property, plant and equipment	8,078
Right-of-use asset	4,291
Cash and cash equivalents	875
Prepayment and other receivables	2,767
Trade and other payables	(2,061)
Net assets	<u>13,950</u>
Non-controlling interests	(4,100)
Fair value of interests transferred from interests in associates	<u>(6,850)</u>
Total consideration	<u>3,000</u>

Net cash outflow arising on acquisition of Guizhou Huier

	RMB' 000
Consideration paid in cash	3,000
Less: cash and cash equivalents acquired	(875)
	<u>2,125</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. TRANSACTION WITH NON-CONTROLLING INTERESTS

Acquisition of additional interests in subsidiaries without change in control

CYG Electronics (Group)

During the year ended 31 December 2025, the Group acquired additional equity interest of 25% CYG Electronics (Group) at a consideration of approximately RMB340,000,000 from a non-controlling shareholder of CYG Electronics (Group). After that, the Group's effective equity interests in CYG Electronics (Group) increased from 75% to 100%. The carrying amount of the non-controlling interests in this subsidiary on the date of acquisition was approximately RMB348,970,000. The Group recognised a decrease in non-controlling interests of approximately RMB348,970,000 and an increase in equity attributable to owners of the Company of approximately RMB8,970,000.

	2025
	RMB'000
Carrying amount of non-controlling interests acquired	348,970
Consideration paid to non-controlling interests	(340,000)
Deficit of consideration paid recognised within equity	8,970

Huizhou Dingding Special Cable Co., Ltd.

During the year ended 31 December 2025, the Company entered into capital injection agreement with Huizhou Dingding Special Cable Co., Ltd., wholly owned subsidiaries of LTK Electric, pursuant to which the Company, agreed to contribute approximately RMB39,000,000 to Huizhou Dingding Special Cable Co., Ltd., for the equity interests of 97.50% of Huizhou Dingding Special Cable Co., Ltd.. After that, the Group's effective equity interests in Huizhou Dingding Special Cable Co., Ltd. increased from 94.32% to 99.86%. The Group recognised increase in non-controlling interest of approximately RMB56,000 and decrease in equity attributable to owners of the Company of approximately RMB56,000.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. TRANSACTION WITH NON-CONTROLLING INTERESTS (CONTINUED)

Acquisition of additional interests in subsidiaries without change in control (continued)

Huizhou Dingding Technology Co., Ltd.

During the year ended 31 December 2025, the Company entered into capital injection agreement with Huizhou Dingding Technology Co., Ltd., wholly owned subsidiaries of LTK Electric, pursuant to which the Company, agreed to contribute approximately RMB39,000,000 to Huizhou Dingding Technology Co., Ltd., for the equity interests of 97.50% of Huizhou Dingding Technology Co., Ltd.. After that, the Group's effective equity interests in Huizhou Dingding Technology Co., Ltd. increased from 94.32% to 99.86%. The Group recognised increase in non-controlling interest of approximately RMB55,000 and decrease in equity attributable to owners of the Company of approximately RMB55,000.

Guizhou Huier

During the year ended 31 December 2025, WOER HEAT-SHRINKABLE, a wholly owned subsidiary of the Company, acquired additional equity interests in Guizhou Huier for a consideration of approximately RMB4,100,000 from an non-controlling shareholder of Guizhou Huier. After that, the Group's effective equity interests in Guizhou Huier increased from 70.61% to 100%.

LTK Electric

During the year ended 31 December 2024, the Group acquired additional equity interest of 3.39% of LTK Electric at a consideration of approximately RMB32,566,000 from six partnerships corporate, which owned by certain employees of LTK Electric. After that, the Group's effective equity interests in LTK Electric increased from 90.93% to 94.32%. The carrying amount of the non-controlling interests in this subsidiary on the date of acquisition was approximately RMB30,317,000. The Group recognised a decrease in non-controlling interests of RMB30,317,000 and decrease in equity attributable to owners of the Company of RMB2,249,000.

	2024
	RMB'000
Carrying amount of non-controlling interests acquired	30,317
Consideration paid to non-controlling interests	<u>(32,566)</u>
Deficit of consideration received recognised within equity	<u>(2,249)</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

44. INFORMATION OF SUPPLIER FINANCE ARRANGEMENTS

	2025	2024
	RMB'000	RMB'000
Carrying amount of the financial liabilities that are subject to supplier finance arrangements		
Presented as part of "Bank and other borrowings" (note 27)	39,424	51,049
— Of which suppliers have already received payment from the finance provider	39,424	51,049
	2025	2024
	Days	Days
Range of payment due dates		
For liabilities that are part of "Bank and other borrowings"		
— Liabilities that are part of supplier finance arrangements	90–365	180–360
— Comparable trade payables that are not part of supplier finance arrangement	30–90	30–90

Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of goods and services and subsequent cash settlements. During the year ended 31 December 2025, borrowings under supplier finance arrangement of RMB51,164,000 (2024: RMB57,851,000), represent the payments to the suppliers by the relevant banks directly.

45. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2025, the Group endorsed bills receivable of RMB312,643,000 (2024: RMB277,516,000) to settle trade and other payables.

During the year, the Group entered into new lease agreements for the use of leased lands and properties for 1 year to 8 years. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of RMB246,501,000 and RMB246,501,000 (2024: RMB172,781,000 and RMB172,781,000), respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2025	2024
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	381,177	371,902
Right-of-use assets	21,008	21,649
Intangible assets	16,815	21,234
Interests in subsidiaries	3,784,478	3,196,160
Interests in associates	52,895	51,615
Equity instruments at FVTOCI	44,768	165,964
Deferred tax assets	54,849	48,680
Contract assets	7,418	8,016
Trade and other receivables	18,814	14,513
Pledged bank deposits	12,042	—
Total non-current assets	<u>4,394,264</u>	<u>3,899,733</u>
CURRENT ASSETS		
Inventories	142,294	89,115
Contract assets	10,206	9,668
Trade and other receivables	831,421	835,303
Tax recoverable	3,641	—
Financial assets at FVTPL	41,772	—
Amounts due from subsidiaries	521,458	610,485
Restricted bank deposits	23	23
Pledged bank deposits	13,887	16,491
Bank balances and cash	336,833	169,429
Total current assets	<u>1,901,535</u>	<u>1,730,514</u>
CURRENT LIABILITIES		
Trade and other payables	398,188	348,205
Tax payable	—	10,802
Bank and other borrowings	1,051,375	262,737
Amounts due to subsidiaries	682,848	968,418
Contract liabilities	25,807	30,468
Deferred income	6,354	6,354
Total current liabilities	<u>2,164,572</u>	<u>1,626,984</u>
NET CURRENT(LIABILITIES)/ASSETS	<u>(263,037)</u>	<u>103,530</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>4,131,227</u>	<u>4,003,263</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

	2025	2024
	RMB' 000	RMB' 000
NON-CURRENT LIABILITIES		
Bank and other borrowings	489,500	709,240
Deferred income	27,272	36,688
Total non-current liabilities	516,772	745,928
Net assets	3,614,455	3,257,335
EQUITY		
Share capital	1,259,899	1,259,899
Reserves	2,354,556	1,997,436
Total equity	3,614,455	3,257,335

The Company's statement of financial position were approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

Yi Huarong
Director

Zhou Heping
Director

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Movement of reserves

	Capital reserve RMB'000	Treasury share RMB'000	Share based payment reserve RMB'000	Fair value reserve RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2024	207,137	(100,050)	—	(105,091)	246,520	1,633,360	1,881,876
Profit for the year	—	—	—	—	—	338,337	338,337
Fair value loss on investments in equity instruments at FVTOCI	—	—	—	(10,900)	—	—	(10,900)
Total comprehensive income for the year	—	—	—	(10,900)	—	338,337	327,437
Appropriation to statutory reserve	—	—	—	—	33,834	(33,834)	—
Dividend paid	—	—	—	—	—	(211,877)	(211,877)
At 31 December 2024 and 1 January 2025	207,137	(100,050)	—	(115,991)	280,354	1,725,986	1,997,436
Profit for the year	—	—	—	—	—	547,161	547,161
Fair value loss on investments in equity instruments at FVTOCI	—	—	—	(33,367)	—	—	(33,367)
Total comprehensive income for the year	—	—	—	(33,367)	—	547,161	513,794
Appropriation to statutory reserve	—	—	—	—	42,257	(42,257)	—
Dividend paid	—	—	—	—	—	(170,748)	(170,748)
Share-based payment	—	—	14,074	—	—	—	14,074
Reclassification of fair value reserve upon disposal of equity instruments at FVTOCI	—	—	—	124,584	—	(124,584)	—
At 31 December 2025	207,137	(100,050)	14,074	(24,774)	322,611	1,935,558	2,354,556

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

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

Name of subsidiary	Place of incorporation/ registration/ operations	Paid up issued/ registered capital	Proportion of ownership interest held by the Company				Principal activities
			Directly		Indirectly		
			2025	2024	2025	2024	
			%	%	%	%	
Changyuan Electronics (Dongguan) Co., Ltd.* (Note (a))	PRC (Note (c))	RMB50,000,000	—	—	100	75	R&D, production and sales of products
Changzhou WOER HEAT-SHRINKABLE Material Co., Ltd.*	PRC (Note (c))	RMB50,000,000	100	100	—	—	R&D, production and sales of products
CYG Electronics (Group)* (Note (a))	PRC (Note (c))	RMB120,000,000	100	75	—	—	Trading
LTK Cable (Vietnam) Company Limited	Vietnam	USD9,400,000 (2024: USD1,400,000)	—	—	94.32	94.32	Production and sales of products
LTK Electric*	PRC (Note (c))	RMB123,727,000	—	—	94.32	94.32	R&D, production and sales of products
LTK Electric Wire (Changzhou) Ltd.*	PRC (Note (c))	RMB51,476,096	—	—	94.32	94.32	Production and sales of products
Qingdao Woerxinyuan Wind Power Generation Co., Ltd.*	PRC (Note (c))	RMB440,000,000	100	100	—	—	Wind power development, construction and operation
Shanghai Changyuan Electronic Material Co., Ltd.* (Note (a))	PRC (Note (c))	RMB60,000,000	—	—	100	75	R&D, production and sales of products
Shanghai Keter New Materials Co., Ltd.*	PRC (Note (c))	RMB94,520,000	42.32	42.32	36.44	36.44	R&D, production and sales of products
Shenzhen WOER Electric Technology Co., Ltd.	PRC (Note (c))	RMB100,000,000	100	100	—	—	R&D, production and sales of products
Shenzhen Woer New Energy Electric Technology	PRC (Note (c))	RMB1,000,000	76.71	76.71	—	—	R&D, production and sales of products
WOER HEAT-SHRINKABLE*	PRC (Note (c))	RMB100,000,000	100	100	—	—	Production and sales of products

* The English names of these subsidiaries registered in the PRC represent the translated names of these companies as no English names have been registered.

Notes:

- The Company directly acquired additional 25% equity interests of the entity in June 2025. The Group indirect equity interests change from 75% to 100%.
- None of the subsidiaries had issued any debt securities at the end of the year.
- These entities were established in the PRC as domestic companies. The type of these entities is limited liability company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

48. EVENT AFTER THE REPORTING PERIOD

In connection with the listing of the shares of the Company on the Main Board of The Hong Kong Stock Exchange Limited, 139,988,800 new ordinary shares with a nominal value of RMB1.00 each were issued at a price of HK\$20.09 per ordinary share including share premium for a total cash consideration of approximately HK\$2,812.4 million (equivalent to RMB2,497.0 million), before deducting underwriting fees, commissions and related expenses. Dealing of the shares of the Company on the Main Board of The Hong Kong Stock Exchange Limited commenced on 13 February 2026.

Definitions

"A Share(s)"	ordinary share(s) has/have been issued by the Company, with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid in Renminbi and is/are listed for trading on the Shenzhen Stock Exchange
"Articles" or "Articles of Association"	the articles of association of the Company, as amended from time to time
"Auditor"	Moore CPA Limited, the external auditor of the Company
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	the board of directors of the Company
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Chinese Mainland", "China" or "PRC"	the People's Republic of China, which for the purpose of this report excludes the HKSAR, the Macau Special Administrative Region of the PRC and Taiwan
"CG Code"	the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules
"Company" or "our Company"	Shenzhen Woer Heat-Shrinkable Material Co., Ltd. (深圳市沃爾核材股份有限公司) (formerly known as Shenzhen Woer Heat-shrink Materials Co., Ltd. (深圳市沃爾熱縮材料有限公司)), a company incorporated in the PRC on June 19, 1998 with limited liability and restructured into a joint stock company on September 28, 2004, the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 002130.SZ)
"Director(s)"	the director(s) of the Company
"Employee Incentive Schemes"	the 2025 Share Option Scheme and the 2025 Restricted Share Scheme
"Group", "our Group" or "we" or "us"	the Company and its subsidiaries

Definitions

"HK\$"	Hong Kong Dollars, the lawful currency of the HKSAR
"HKSAR"	Hong Kong Special Administrative Region of the PRC
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"H Share(s)"	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and to be listed on the Stock Exchange
"Last Practicable Date"	17 April 2026, being the latest practicable date prior to the publication of this report for ascertaining certain information referred to therein
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on February 13, 2026
"Listing Date"	the date on which the Shares are listed on the Stock Exchange and dealings in the Shares are permitted to commence on the Stock Exchange, being February 13, 2026,
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Mr. Zhou"	Mr. Zhou Heping (周和平), executive Director and chairman of the Board of the Company
"Nomination Committee"	the nomination committee of the Board
"Prospectus"	the prospectus published by the Company on February 5, 2026

Definitions

"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Reporting Period"	the financial year ended December 31, 2025
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Share(s)"	ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of our Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy and Investment Decision Committee"	the strategy and investment decision committee of the Board
"Tongyi Funds"	Shanghai Tongyi Investment Management Co., Ltd.-Tongyi Qingtong No. 1 Private Securities Investment Fund (上海通怡投資管理有限公司 - 通怡青桐1號私募證券投資基金), Shanghai Tongyi Investment Management Co., Ltd.-Tongyi Qingtong No. 3 Private Securities Investment Fund (上海通怡投資管理有限公司 - 通怡青桐3號私募證券投資基金), Shanghai Tongyi Investment Management Co., Ltd.-Tongyi Qingtong No. 6 Private Securities Investment Fund (上海通怡投資管理有限公司 - 通怡青桐6號私募證券投資基金), and Shanghai Tongyi Investment Management Co., Ltd.-Tongyi Furong No. 17 Private Securities Investment Fund (上海通怡投資管理有限公司 - 通怡芙蓉17號私募證券投資基金)
"WOER HEAT-SHRINKABLE"	Shenzhen WOER HEAT-SHRINKABLE Co., Ltd. (深圳市沃爾熱縮有限公司)
"Woer New Energy"	Shenzhen Woer New Energy Electric Technology Co., Ltd. (深圳市沃爾新能源電氣科技股份有限公司)
"2025 Share Option Scheme"	the A Share option scheme adopted by the Company pursuant to resolutions passed by our Shareholders on April 9, 2025, the principal terms of which are set out in "Statutory and General Information — Further Information on Directors and Major Shareholders — 5. Employee Incentive Schemes — (a) 2025 Share Option Scheme" in Appendix IV to the Prospectus

Definitions

"2025 Restricted Share Scheme"

the restricted A Share option scheme adopted by the Company pursuant to resolutions passed by our Shareholders on April 9, 2025, the principal terms of which are set out in "Statutory and General Information — Further Information on Directors and Major Shareholders — 5. Employee Incentive Schemes — (b) 2025 Restricted Share Scheme" in Appendix IV to the Prospectus

"%"

per cent