



江蘇正力新能電池技術股份有限公司

Jiangsu Zenergy Battery Technologies Group Co., Ltd.

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

Stock Code : 3677



2025
ANNUAL REPORT

CONTENTS

02	Corporate Information
04	Financial Highlights
05	Chairperson's Statement
07	Management Discussion and Analysis
23	Directors, Supervisors and Senior Management
29	Directors' Report
45	Corporate Governance Report
61	Independent Auditor's Report
67	Consolidated Statement of Profit or Loss and Other Comprehensive Income
68	Consolidated Statement of Financial Position
70	Consolidated Statement of Changes in Equity
72	Consolidated Statement of Cash Flows
74	Notes to the Consolidated Financial Statements
150	Definitions
157	Glossary of Technical Terms

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Cao Fang (*Chairperson of the Board*)
Mr. Chen Jicheng
Mr. Yu Zhexun

Non-executive Director

Mr. Zhang Li

Independent Non-executive Directors

Mr. Xu Zhiming
Mr. Gong Zhengliang
Ms. Xiao Min

AUDIT COMMITTEE

Mr. Gong Zhengliang (*Chairperson*)
Ms. Xiao Min
Mr. Zhang Li

NOMINATION COMMITTEE

Ms. Cao Fang (*Chairperson*)
Mr. Chen Jicheng
Mr. Xu Zhiming
Mr. Gong Zhengliang
Ms. Xiao Min

REMUNERATION AND EVALUATION COMMITTEE

Mr. Xu Zhiming (*Chairperson*)
Ms. Cao Fang
Mr. Chen Jicheng
Mr. Gong Zhengliang
Ms. Xiao Min

JOINT COMPANY SECRETARIES

Ms. Xu Jing
Ms. Ho Wing Nga (*an associate member of
The Hong Kong Chartered Governance Institute
and The Chartered Governance Institute in the
United Kingdom*)

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

AUTHORIZED REPRESENTATIVES

Ms. Cao Fang
Ms. Ho Wing Nga

PRINCIPAL BANKERS

Changshu Sub-branch of Industrial Bank Co., Ltd.
Units 109 & 201 Yiyuan Century Plaza
No. 19, Haiyu North Road
Changshu, Jiangsu
PRC

Changshu Southeast Development Zone Sub-branch of
China Construction Bank Corporation
Room 104, Building 5, Southeast Yunzhi Business Center
No. 10 Wuqu Road
Dongnan Community
Changshu, Jiangsu
PRC

CORPORATE INFORMATION

REGISTERED OFFICE, HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 68 Xin'anjiang Road
Dongnan Community
Changshu, Jiangsu
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

H SHARE REGISTRAR

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

COMPLIANCE ADVISOR

Maxa Capital Limited
Unit 2602
26/F, Golden Centre
188 Des Voeux Road Central
Sheung Wan
Hong Kong

INVESTOR RELATIONS CONTACT

3677@zenergy.cn

COMPANY WEBSITE

www.zenergy.cn

STOCK CODE

3677

FINANCIAL HIGHLIGHTS

Consolidated Results

	For the year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	8,100,969	5,130,317	4,161,670	3,290,253	1,499,296
Gross profit/(loss)	1,491,410	748,444	208,489	(290,280)	30,178
Profit/(loss) for the year	808,550	91,014	(589,867)	(1,719,981)	(402,275)

Consolidated Assets and Liabilities

	As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Non-current assets	12,250,953	9,861,915	9,775,430	5,779,681	2,845,985
Current assets	8,904,643	5,732,316	4,355,352	4,671,136	2,969,015
Total assets	21,155,596	15,594,231	14,130,782	10,450,817	5,815,000
Non-current liabilities	4,385,205	3,200,428	3,233,543	2,690,431	436,528
Current liabilities	8,678,620	6,496,681	6,150,006	5,287,822	3,397,917
Total liabilities	13,063,825	9,697,109	9,383,549	7,978,253	3,834,445
Total equity	8,091,771	5,897,122	4,747,233	2,472,564	1,980,555

CHAIRPERSON'S STATEMENT

Dear Shareholders, Partners and Friends from All Sectors of Society,

First of all, on behalf of the Board and all employees of Zenergy, I would like to extend my sincerest gratitude to all our Shareholders, partners and friends from all sectors of society. In 2025, opportunities and challenges coexisted in the macroeconomic environment. In the face of a complex and ever-changing external landscape, the Company remained committed to its development philosophy of maintaining a high degree of focus, deep cultivation and quality first, while continuing to pursue prudent operations and steadily strengthening its profitability. Our operating results would not have been possible without your consistent trust and support.

In 2025, we recorded revenue of RMB8,100,969 thousand for the year, representing a year-on-year increase of 57.9%, and net profit attributable to owners of the parent of RMB808,550 thousand, representing a year-on-year increase of 788.4%. Such results mark the Company's full entry into a stage of high-quality development that places equal emphasis on scale and efficiency, laying a more solid foundation for subsequent R&D investment, capacity expansion and long-term growth.

In 2025, the Company's EV battery business maintained a stable and positive growth momentum. We continued to deepen our cooperation with leading automakers, secured design-wins for a number of new vehicle models, and saw successive mass production of battery products for newly launched models. As a result, both our customer mix and operating quality improved, achieving growth in both revenue and profit.

In terms of technological innovation, in addition to the traditional NCM and LFP systems, the Company also made breakthrough progress in the NCM-LFP blended system and sodium-ion batteries. The NCM-LFP blended system products developed by the Company combine the high energy density of the NCM system with the high safety characteristics of the LFP system, with energy density exceeding 215Wh/kg. We also took the lead in the industry in adopting dual-layer coating technology for cathodes, further enhancing the safety performance of blended system products. The relevant products are expected to commence mass production in the second half of this year.

In the field of sodium-ion batteries, the Company's polyanion sodium-ion batteries have achieved mass production and have been delivered in batches to markets in Europe and the United States for applications in scenarios such as data centres. As market demand continues to be released, we expect the Company's sodium-ion battery orders to achieve more substantial growth in 2026.

At the same time, closely following the direction of the national 15th Five-Year Plan and the development trend of the AI industry, the Company has actively expanded into emerging sectors such as new-type energy storage, the low-altitude economy, intelligent robotics and AIDC, thereby continuing to open up new growth opportunities. Among them, the ESS business is accelerating into the Company's second growth curve and is expected to enter a phase of full acceleration in 2026. At present, long-duration energy storage has become an important incremental direction for the industry. Coupled with the rapid growth in power demand driven by AI development, market demand is clear and the development prospects are broad.

Leveraging the Company's deep technical accumulation in LFP batteries, we have rapidly completed the development and iteration of multiple types of ESS products and are advancing the construction of a 20GWh intelligent manufacturing project for energy storage. Compatible with 588Ah large-capacity battery cells, this project can meet energy storage duration requirements ranging from 2 to 8 hours. Going forward, it can also be further extended to a next-generation battery cell platform to achieve long-duration power supply of 8 to 12 hours, precisely matching mainstream application scenarios such as long-duration energy storage and AIDC.

CHAIRPERSON'S STATEMENT

In the field of the low-altitude economy, the Company has already established a first-mover advantage. Its aviation batteries have obtained airworthiness certification together with electric fixed-wing manned aircraft and have achieved mass production and delivery. The technical indicators of "high safety, high energy density, high discharge rate and ultra-fast charging capabilities" proposed by the Company have been incorporated by the Ministry of Industry and Information Technology into the Technical Roadmap for Power Batteries for Low-altitude Aircraft, fully demonstrating the Company's technological leadership and industry influence in this field.

In the field of intelligent robotics, the relevant batteries share a high degree of technological commonality with aviation batteries in areas such as miniaturisation, lightweight design and high-rate charge and discharge. Building on this advantage, the Company is accelerating the R&D of related battery products and promoting the rapid reuse of core technologies, so as to provide more reliable battery solutions for the industrialisation of the robotics industry.

Amid the ongoing transformation of the global energy structure and the rapid growth in demand for new energy, we remain committed to promoting green mobility in the transportation sector. With a single battery cell, we strive to power the zero-carbon journey of electrification across LISA full-scenario applications.

In 2026, while further deepening EV battery applications, Zenergy will continue to increase investment in diversified energy application scenarios such as ESS, AIDC and embodied intelligence. We will continue to enhance our technological innovation and industrialisation capabilities, create value for customers in terms of cost, efficiency and quality, and further consolidate the foundation for the Company's long-term and healthy growth.

Lastly, I would like once again to extend my heartfelt gratitude to all our shareholders, partners and friends from all sectors of society for your continued support and companionship. At this pivotal moment in the transformation of the global energy structure, we are deeply aware that every battery cell we create is helping reshape the future of mobility and the energy landscape. We will continue to take innovation as our driving force and green development as our foundation, and strive for further breakthroughs across the broad frontiers where EV batteries empower intelligent mobility, ESS batteries advance a zero-carbon society, and aviation batteries open up new horizons. With confidence in the future, let us look forward together to Zenergy's continued breakthroughs in its journey of high-quality development.

Chairperson: Cao Fang

Jiangsu Zenergy Battery Technologies Group Co., Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

EV Battery Market

According to data from Rho Motion, the global sales volume of NEVs reached 20.70 million units in 2025, representing a year-on-year increase of 20%. In the domestic market, according to data from the China Association of Automobile Manufacturers, China's NEV sales volume reached approximately 16.49 million units (including exports) in 2025, representing a year-on-year increase of 28.2%. China's NEV sales accounted for more than 70% of the global sales. In the overseas market, according to data from Rho Motion, NEV sales volume in Europe reached 4.30 million units in 2025, representing a year-on-year increase of 33%.

The growth in global demand for NEVs also drove the increase in the sales volume of EV battery. According to data from SNE Research, in the domestic market, China's installed capacity of EV batteries reached 724 GWh in 2025, maintaining a leading position globally; in the overseas market, EV battery installations reached 463 GWh, representing a year-on-year increase of 26%. It is expected that overseas exports will become an important growth driver for the EV battery market.

In terms of policies, the national 15th Five-Year Plan and the Notice of the Eight Departments including the Ministry of Industry and Information Technology on Printing and Distributing the Work Plan for Stable Growth of the Automotive Industry (2025-2026) 《汽車行業穩增長工作方案(2025-2026年)》 further clarified the core position of NEVs in the green and low-carbon strategy, and provided systematic support in areas such as technological innovation, infrastructure construction and industrial chain coordination. Coupled with the in-depth implementation of consumption incentive policies such as "trade-in" programs, potential market demand is expected to continue to be released, driving the steady increase in NEV penetration rate and bringing considerable structural growth opportunities to the EV battery industry.

Taking into account policy orientation and global market demand trends, the Company will continue to focus on technological innovation and capacity optimization, deeply participate in the global electrification process, and contribute to the high-quality and sustainable development of the industry.

Energy Storage Market

Against the backdrop of diversified global electricity demand scenarios, the global demands for renewable energy installations and energy storage have also significantly increased. According to data from SNE Research, the energy storage battery market grew rapidly in 2025, with global energy storage battery deliveries reaching 550 GWh, representing a substantial year-on-year increase of 79%. Notably, energy storage battery products were mainly manufactured by Chinese enterprises, and the concentration of the global industry continued to increase.

According to the national 15th Five-Year Plan, new-type energy storage is one of the six emerging pillar industries. In light of the notice of the National Development and Reform Commission and the National Energy Administration on Printing and Distributing the Special Action Plan for Large-scale Construction of New-type Energy Storage (2025-2027) 《新型儲能規模化建設專項行動方案(2025-2027年)》, together with the capacity feed-in tariff subsidy policies successively introduced in various regions, demand for energy storage is expected to maintain rapid growth in 2026 and 2027.

In overseas markets, surging power loads in multiple scenarios such as artificial intelligence data centers (AIDC) and residential energy storage in regions including Europe and the United States will drive market investment in large-scale energy storage, commercial and industrial energy storage, and residential energy storage.

In summary, diversified market demand is expected to further drive the growth of installed capacity of domestic energy storage batteries.

MANAGEMENT DISCUSSION AND ANALYSIS

Low-altitude Economy

As a typical representative of new-quality productive forces, the low-altitude economy is characterized by high technological intensity, concentrated innovation factors and a long industrial chain, and is a key development direction explicitly supported by the national policy. The national 15th Five-Year Plan has designated the low-altitude economy as a strategic emerging pillar industry, promoting reform of airspace classification and grading, improving regulations, standards and low-altitude infrastructure, strengthening the manufacturing industry chain for unmanned aircraft and electric vertical take-off and landing aircraft (eVTOL), expanding application scenarios such as logistics, air transportation and emergency response, establishing a safety supervision system, and building a trillion-RMB growth driver for new-quality productive forces.

The global low-altitude economy is accelerating towards commercial take-off. In 2025, the eVTOL sector moved from technical validation and pilot operations into the initial stage of commercialization. Notably, driven by policies and the ability to implement infrastructure, China's market has taken the lead in large-scale commercial operation of the low-altitude economy. On the policy front, the central government has clearly identified the low-altitude economy as a new growth engine. More than 20 provinces across the country have introduced specific implementation plans, and certain cities have established nearly 1,000 take-off and landing sites, initially building urban-level low-altitude flight networks.

In overseas markets represented by Europe and the United States, the first batch of commercial air taxi services with paid flights has already commenced in cities such as New York and Los Angeles. The European Union Aviation Safety Agency (EASA) is also advancing certification for multiple enterprises.

BUSINESS REVIEW

Principal Business

We are a leading lithium-ion battery manufacturer in China, committed to developing a diverse portfolio of market-driven and technology-fueled battery products. We primarily focus on the R&D, production and sales of EV battery products, ESS battery products and aviation battery products. We provide integrated battery solutions encompassing battery cells, modules, packs, battery clusters and battery management systems. We are rooted in the passenger vehicle EV battery market and dedicated to expanding the full-scenario applications of electrochemical products across interconnected land, sea and air (LISA).

We are one of the few companies among the top 10 battery manufacturers with a strong automotive components background. Our core management team possesses extensive professional expertise and profound industry insights into the automotive sector, and understands customers' needs in balancing safety, quality, performance and cost efficiency. We have developed a diversified portfolio of EV battery products as our core business, and have actively carried out the R&D of aviation battery products, which places us in a favorable position in terms of application scenario expansion and rapid technological advancement in the battery industry.

We are the first battery company in the industry to obtain the AS9100D aerospace quality management system certification. In 2025, our aviation battery products successfully obtained airworthiness certification issued by the Civil Aviation Administration of China, and we officially commenced the mass delivery of aviation power battery systems.

Although the EV battery sector in China is highly competitive, through the dedication and collective efforts of all employees of the Group, we have leveraged our ppb aviation-grade safety products, cutting-edge technologies and responsive services to build our product strength of "aviation-grade batteries with automotive-grade applications", and have continuously deepened our cooperation with top passenger vehicle customers, delivering safe and reassuring user experience to customers and steadily increasing our market share.

MANAGEMENT DISCUSSION AND ANALYSIS

Our mission is to promote green mobility in the transportation sector, and we are dedicated to powering the zero-carbon journey of electrification across LISA full-scenario with a single battery cell.

Looking ahead, in addition to our continuously growing EV battery business, we will further increase our investment in diversified energy application scenarios such as stand-alone energy storage, AIDC and embodied intelligence. Coupled with our continued value delivery to customers in terms of cost, efficiency and quality of products and services, this will lay a solid foundation for the sustainable and healthy growth of our business.

Main Products

The Company's main products are EV batteries, ESS batteries and aviation batteries. Among them, the "Zenergy Loong (正力·騏龍)" series of EV battery products cover BEV, PHEV, EREV and HEV models, and can be installed in multi-functional vehicles such as sedans, SUVs, MPVs and commercial vehicles; ESS products can meet the needs of diversified application scenarios, including residential, commercial and industrial, grid-side and power generation-side settings, covering various application models such as short-duration frequency regulation and long-duration energy storage, while catering to backup power needs for critical loads such as data centres (AIDC); and aviation battery products may be applied to electric manned fixed-wing aircraft and eVTOLs, while the aviation large cylindrical batteries may also cover embodied intelligence application scenarios.

Business Achievements

In 2025, the Group recorded a sales revenue of RMB8,101.0 million, representing a year-on-year increase of approximately 57.9%, and a delivery volume of 19.82 GWh, representing a year-on-year increase of approximately 66.7%.

I. EV Battery Business

In 2025, the sales revenue from the Group's EV battery business amounted to RMB7,680.5 million, representing a year-on-year increase of 64.7%. According to the data released by the CABIA, in 2025, the Company achieved significant year-on-year improvements in both installed capacity and market share in domestic EV battery market. The Company ranked seventh in terms of installed capacity in new energy passenger vehicles, among which it ranked ninth in terms of installed capacity of LFP batteries in domestic passenger vehicles, and its ranking in terms of installed capacity of NCM batteries in domestic passenger vehicles rose to sixth place in China.

The growth of the Company's EV battery business was mainly attributable to the support and trust from a number of high-quality industry customers. Our EV battery customers include large central and state-owned enterprises, emerging EV manufacturers and multi-national OEMs. The share of our battery product supply in the core vehicle models of leading global OEMs, such as FAW Hongqi, GAC Trumpchi, Leapmotor, SAIC-GM Wuling, SAIC-GM, GAC-Toyota and Volkswagen (FAW-Volkswagen, SAIC-Volkswagen and Volkswagen Anhui), continues to increase. In addition, in 2026, the Company's battery products will be launched in a number of major core vehicle models of customers, which is expected to further increase the Company's overall installed capacity.

STAES, our joint venture, offers various lithium-ion and Ni-MH battery packs for HEVs and supplies to major OEMs that are joint ventures with Toyota in China for their core HEV models. Historically, it has cumulatively supplied batteries for over 3.6 million vehicles, and no battery safety incident has occurred to date. The global HEV market is expected to maintain steady growth in 2026. According to Business Research Insights, it is expected that the compound annual growth rate will be approximately 20.99% from 2026 to 2035.

MANAGEMENT DISCUSSION AND ANALYSIS

II. Energy Storage and Other Business

In the field of energy storage business, the Company's signature 104Ah standardized battery cell has become one of the main products supplied for global residential energy storage. At present, the 314Ah product has commenced mass production and is gradually replacing the 104Ah product as a battery cell option for residential energy storage. In addition, it is expected that, in the second half of 2026, the Company's four products, namely the 100Ah, 235Ah, 587Ah and 588Ah products, will successively achieve large-scale sales and be applied in scenarios such as residential energy storage, commercial and industrial energy storage, standalone energy storage power stations, long-duration energy storage and AIDC, further driving the growth of the Company's energy storage business.

In the field of aviation batteries for manned aircraft, the Company has made forward-looking investments in technology R&D for years and has achieved phased progress. The Company was the first to propose the high safety, high energy density, high discharge rate and ultra-fast charging capabilities technical indicators for aviation batteries, which have been adopted by the Ministry of Industry and Information Technology and incorporated into the 2025 edition of the technical roadmap for power batteries for low-altitude aircraft.

With respect to aviation battery products, the Company has already obtained airworthiness certification from the Civil Aviation Administration of China for the RX1E fixed-wing manned electric aircraft of Liaoning General Aviation Academy. In the low-altitude economy sector, we have not only become the first EV battery enterprise in the industry to obtain the AS9100D aerospace quality management system certification, but have also achieved the first mass supply in the industry of battery pack systems for two-seat electric fixed-wing manned aircraft, and signed an exclusive design-wins development agreement for the subsequent four-seat fixed-wing aircraft. At the same time, we have signed an exclusive design-wins development project with Zero Gravity Aircraft Industry Co., Ltd. (零重力飛機工業有限公司) for the multi-rotor ZG-ONE model. In addition, the Company is in discussions with a leading domestic aircraft company regarding integrated battery pack development for a tilt-rotor model, and is expected to successfully achieve full-path coverage in the manned flight sector, namely from traditional fixed-wing to multi-rotor and

further to tilt-rotor, which has higher technical and safety requirements, thereby truly achieving the approach of "mass-producing one generation, developing one generation and pre-researching one generation."

Technology and R&D Achievements

1. Technological Iteration and Innovation:

The Company always regards innovation as its engine, driving continuous R&D iteration to pioneer cutting-edge technology and excellent products, to consolidate and strengthen competitive barriers.

- (1) With respect to advanced materials:
 - 1) Enhancement in energy density of cathode materials: Through advanced particle size control synthesis technology, based on AI simulation models and multi-level gradient particle grading, we have significantly improved the compaction density and energy density of phosphate cathode materials;
 - 2) Enhancement in fast-charging capability of anode materials: By adopting new surface modification and bulk doping technologies, we have achieved ultra-fast charging capability of 12C(peak) and above for anode materials;
 - 3) Electrolytes: We have synthesized and developed new electrolyte additives and new solvents, balancing ultra-fast charging and ultra-long cycle life;
 - 4) Others: We have made a series of breakthrough progress in key materials such as ultra-high nickel, lithium-rich manganese-based and lithium nickel manganese oxide cathode materials, high-safety electrolyte additives, long-life new vapor-deposition silicon-carbon anode materials and ultra-thin separators.

MANAGEMENT DISCUSSION AND ANALYSIS

- (2) With respect to advanced technology platforms: In line with our “5-3-1 R&D Strategy”, we are committed to building advanced technology platforms, focusing on pre-research and reserves for technologies and products with relatively high application potential for the coming three years, thereby continuously enhancing the Company’s market competitiveness.
- 1) High-energy-density phosphate system technology platform: We have developed ultra-fast charging LFP products with an average charging rate of 6C, 8C and above, featuring both high safety and high energy density.
 - 2) High-energy NCM (Silicon) system technology platform: Leveraging the application of ultra-high-nickel cathode material technology and the iteration and upgrade of third-generation silicon-carbon anodes, our product portfolio covers an energy density range of 280~400 Wh/kg. The high-energy NCM (Silicon) system has achieved mass production in aviation batteries.
 - 3) Blended chemistry system technology platform: Leading the industry’s thinking on new chemistry systems, we have developed a cathode material system based on blending phosphate and NCM, breaking through the energy density ceiling of 195 Wh/kg for LFP and filling the gap between 195 Wh/kg and the lower limit of 250 Wh/kg for the NCM system. We have also developed battery products based on the phosphate blended chemistry system solution and are actively cooperating with customers in vehicle validation, thereby supporting customers’ technology iteration and upgrading.
 - 4) Sodium-ion system technology platform: The Company’s sodium-ion battery system has achieved an energy density of over 170 Wh/kg, completed the technical targets under the project of the Jiangsu Provincial Department of Industry and Information Technology titled R&D and Industrialization of High-rate, Long-life Sodium-ion Power Batteries for Vehicles 《高倍率長壽命車用鈉離子動力電池的研發及產業化》 and successfully concluded the project, thereby accelerating the industrialization of sodium-ion batteries. At the same time, we developed a polyanion sodium battery material system featuring long cycle life and high safety, providing diversified and cost-effective solutions for applications in the energy storage market. Our polyanion sodium battery products have already been exported to EU countries and applied in scenarios such as PHEVs and UPS. Benefiting from the excellent rate performance of this system, it can also be further extended to fields such as AIDC in the future to fulfil instantaneous high-power electricity demand, and therefore has broad development prospects.
- (3) With respect to cutting-edge battery technologies:
- 1) Ultra-fast charging hybrid solid-liquid batteries: The hybrid solid-liquid battery has achieved stable 8C ultra-fast charging. The key lies in the “solid-liquid synergy” electrolyte system, under which a fast ion transport pathway is formed at the solid/liquid interface between the liquid electrolyte and dense solid electrolyte particles, thereby reducing interfacial impedance and supporting the rapid and uniform transport of lithium ions at an 8C rate. This has enabled a breakthrough in the fast-charging bottleneck of conventional liquid batteries and promoted the practical application of ultra-fast charging technology.

MANAGEMENT DISCUSSION AND ANALYSIS

- 2) High energy density lithium metal batteries: By adopting a high-nickel NCM cathode, a localized high-concentration electrolyte and an ultra-thin lithium metal anode chemistry system, and through technological and process innovation, we have successfully prepared a lithium metal pouch battery with a capacity of 10Ah, a gravimetric energy density of 515 Wh/kg and a volumetric energy density of 1100 Wh/L, marking that cutting-edge battery technologies have entered a new stage.
 - 3) Development of sulfide all-solid-state batteries: Focusing on key materials and new process technologies for all-solid-state batteries, and combining innovative manufacturing processes, we have developed all-solid-state batteries featuring high energy density and high safety. Currently, we have developed a sulfide all-solid-state battery based on a high-nickel NCM cathode and a silicon-carbon anode.
 - (4) With respect to intelligent manufacturing: We have proposed the concept of Zenergy's "Three-in-One Manufacturing", namely "Workstation integrated Logistics (WIL)", "Manufacturing integrated Workstation (MIW)" and "Quality integrated Manufacturing (QIM)", thereby truly achieving no production, no transfer and no outflow of defective products. By deeply integrating manufacturing workstations with logistics lines, we reduce the potential risk of bumps and collisions during product handling. Coupled with the application of robotic operations in key processes and machine learning algorithms for dynamic optimization of process parameters, we systematically enhance manufacturing efficiency and product quality. By integrating advanced MOM systems and AI technologies, including deep-learning-based AI visual inspection and AI edge computing technologies, we have achieved in-process quality inspection so that defects can be detected and controlled in real time.
- In addition, through the "Three-in-One Manufacturing" system, we have established a multi-process and multi-model compatible scheduling system, which can accommodate the scheduling of six product models on a single logistics line, thereby improving space utilization and reducing costs.
- (5) With respect to product reliability and safety: We have established a full life-cycle reliability control system for products covering product design, manufacturing processes and application boundary specifications. Through research into underlying mechanisms and data-driven methods, we have developed innovative accelerated evaluation methodologies, significantly shortening the reliability verification cycle from raw materials to finished products. Through verification and quantification of raw materials, product design, trial production and key safety and reliability indicators, we can identify potential product risks in advance and ensure the reliability and safety of lithium ion battery products throughout their full life cycle.
 - (6) With respect to intellectual property: With "quality as the foundation and value as the guidance" as the main line of our intellectual property development, the Company has promoted the deep integration of intellectual property work into its core business, technological evolution and market strategy. As of 31 December 2025, the Company had filed a total of 4,426 patent applications, of which 2,854 had been granted. In 2025, in terms of the number of newly granted patents, the Company ranked third among enterprises in Jiangsu Province.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Product Refinement and Upgrade:

(1) NCM power battery products:

- 1) 400V high voltage NCM products with peak 5C fast-charging capability: No thermal propagation under a high temperature of 45°C, exceeding the requirements of GB 38031-2025, and such products have been mass delivered.
- 2) 800V high voltage NCM products with peak 8C ultra-fast charging capability: It incorporates a high-energy-density design, with cell energy density exceeding 240 Wh/kg.

(2) Phosphate-based power battery products:

- 1) High energy density LFP battery: Adoption of the 4.5th-generation material enables the volumetric energy density of LFP battery cells to reach 435 Wh/L, placing them at a relatively high level among comparable products. It can increase the total energy in fixed battery pack dimension, and such products have been mass delivered.
- 2) Fast-charging LFP battery: With an average 4C and peak 5.5C fast-charging capability, it can achieve a 12-minute fast charge, with energy density reaching 190 Wh/kg.
- 3) Ultra-fast charging LFP battery: Incorporating both high-energy-density and ultra-fast charging designs, it achieves an energy density of over 185 Wh/kg while meeting average 6C and peak 8C fast-charging capability, and has completed design freeze.
- 4) Battery for EREV/PHEV: An 800V product with 4C fast-charging capability and a cycle life of 4,000 cycles, meeting the long-life requirements of EREV/PHEV, and such products have been mass delivered for customers' premium EREV/PHEV.

- 5) Next-generation LFP&NCM blended system battery: With an energy density of over 215 Wh/kg, it breaks through the energy density limit of LFP batteries, and is intended for customers' premium C/D-class BEV/EREV.

(3) ESS products:

Our long-cycle-life battery for residential ESS products has achieved energy efficiency of above 95% and a cycle life exceeding 8,000 cycles, and such products have been mass delivered. The second-generation products focus on optimizing low-temperature performance and support charging at a temperature of -10°C, primarily targeting applications in regions and countries with extremely cold climates.

Large-scale energy storage products are mainly of the 314Ah specification, with energy conversion efficiency of 95% and a cycle life of over 10,000 cycles. At the same time, we are upgrading and developing long-life 314Ah products, with cycle life increased to over 12,000 cycles and calendar life reaching over 25 years, thereby further reducing the overall system cost. In addition, we have also developed higher-capacity 587/588/684Ah battery cells, with energy conversion efficiency of not less than 95%, cycle life of over 10,000 cycles and calendar life of over 20 years, which may be applied to off-grid long-duration energy storage (6-8 hours) for AIDC based on an 800V architecture. The next-generation battery cells exceeding 1000Ah for long-duration energy storage of over 10 hours are under development.

(4) Battery system products:

NCM battery system featuring "no thermal propagation under 45°C": Upon triggering a single battery cell under a high temperature of 45°C and observing for 288 hours, no fire or explosion occurred in the battery pack, which exceeds in advance and more stringently the relevant national standards under the Safety Requirements for Power Batteries for Electric Vehicles to be implemented in July 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

(5) Aviation battery products:

In August 2025, we launched the second-generation aviation battery featuring high safety, high energy density, high discharge rate and ultra-fast charging capabilities, which adopts dual semi-solid-state technology and satisfies ppb aviation safety standards with an energy density of over 320 Wh/kg. It can meet a 12C discharge rate at low SOC and support 15-minute fast charging. It meets the needs of high-frequency and diversified flight scenarios, and has been mass delivered.

The Company will continue to advance the development of lightweight, high-energy-density and high-safety battery systems, address the stringent safety tests under the relevant standards, and cooperate with eVTOL customers to complete aircraft airworthiness certification. Such high-energy-density and high-power products may also be applied in embodied intelligence robot scenarios.

FUTURE OUTLOOK

Further Enhancing the High-quality Layout of New Production Capacity

We seek to balance our capacity layout with customer demand and are committed to continuously improving production line efficiency through AI-driven closed-loop algorithm technologies. We have designed a flexible, high-speed production line that accommodates both power battery and energy storage battery manufacturing and is equipped with localised central control across horizontally integrated processes. This has enhanced production efficiency and accumulated step-by-step practical experience for the next phase of achieving a fully centrally controlled unmanned factory.

As the number of automakers with which the Company has secured design-wins cooperation continues to increase, in particular given the substantial increase in the number of battery cells per vehicle brought about by 800V high-voltage platform architectures, and based on the industrial-scale development trend of Zenergy's "three-pronged synergy" of battery cell form standardisation, battery pack system platformisation and electrochemical system differentiation, we expect the capacity and efficiency of newly built production lines to move towards a faster pace of over 30 ppm for a single line and over 60 ppm for one line serving two lines, so as to meet the Company's development needs and enhance overall competitiveness.

By the end of 2025, the Company had added 10 GWh of newly commenced capacity, bringing its total capacity to 35.5 GWh at year-end. In 2026, the Company is advancing the construction of the Phase II 15 GWh high-energy-density fast-charging power battery project at the new Changshu manufacturing plant, which is one of the projects for the use of proceeds from the Global Offering and the Placing.

In addition, in 2026, on top of the existing capacity planning, and based on the plant premises of Phase II of the new Changshu manufacturing plant together with optimised production line design, we have added a 20 GWh intelligent manufacturing project for next-generation large-capacity energy storage lithium-ion batteries. Upon completion, this project will further enhance the Company's energy storage battery capacity scale and market competitiveness.

Furthermore, in March 2026, we signed an intention agreement in relation to a 50 GWh intelligent flexible manufacturing project for next-generation large-capacity long-duration energy storage. The Company plans to use the products manufactured at the project base to meet market demand for energy storage applications such as long-duration energy storage, computing power centres and decentralised power supply models, while also serving multiple sectors including new energy vehicles, electric passenger-carrying aircraft, humanoid robots and electric vessels.

MANAGEMENT DISCUSSION AND ANALYSIS

Sustainable Customer Expansion

In terms of EV batteries, we plan to launch new battery products for vehicles with different power sources (BEV, PHEV, EREV and HEV), different uses (sedans, SUVs, MPVs and commercial vehicles), and different driving ranges. We continue to strengthen and deepen our relationships with existing customers to increase product penetration and our strategic allocation in core vehicle models, and to establish business cooperation with new customers.

In the domestic market, we will focus on the new opportunities arising from the electrification trend of range-extended vehicles, upgrades to 800V high-voltage platforms, and industry-level battery cell standardization and chemistry system differentiation, and continue to secure new cooperation opportunities from both existing and new customers.

In the field of ESS business, we will continue to expand our cooperation with customers in areas such as residential energy storage, commercial and industrial energy storage, large-scale long-duration energy storage and AIDC, primarily through products such as 100Ah, 235Ah and 587/588Ah.

With respect to overseas business, on the one hand, we support customers' global expansion as a core component supplier for their export vehicle models. Currently, we have established cooperation models with Leapmotor and GAC Trumpchi for supporting complete vehicle exports, and have also reached an export model with Wuling for KD battery cells to be assembled overseas. At present, the Company's products have been sold to markets such as Hong Kong, India, Indonesia and the EU.

On the other hand, we will also actively explore with customers different cooperation models and application scenarios for overseas business, so as to meet customers' needs in overseas markets in scenarios such as residential energy storage, AIDC, robots and aircraft.

Technological Re-innovation

Advanced Materials: We will focus on the development of materials for ultra-fast charging systems with a peak rate of over 15C and an average rate of 8C, including the continuous iterative upgrade of new flash-charging anode materials, phosphate cathode materials with high kinetics and high energy density, and ultra-fast charging electrolyte solvents and additive materials. At the same time, we will continue to advance ultra-high-nickel and new lithium-rich manganese-based cathode materials, as well as third-generation low-expansion, fast-charging and long-life silicon-carbon anode materials.

Advanced Technology Platforms: We will continue to advance the iteration and upgrade of high-energy-density platforms, ultra-fast charging platforms, long-life platforms and new chemistry platforms.

Cutting-edge Battery Technologies: We will continue to advance the construction of a 100 MWh pilot production line for all-solid-state batteries, which is expected to be completed in the second half of 2026 and will be capable of preparing 100Ah-class high-energy-density lithium metal batteries and all-solid-state batteries of over 60Ah. This pilot line will comprehensively verify the process stability, material cost control and equipment compatibility of lithium metal batteries and all-solid-state batteries.

Intelligent Manufacturing: We will accelerate the application of artificial intelligence such as embodied intelligence on production lines, thereby further reducing quality risks and minimizing manual operations. By conducting coordinated analysis across parameters in areas such as comprehensive product output results, equipment failure prediction and first-article results, we will achieve equipment health management and ensure healthy equipment operation, thereby realizing high-reliability manufacturing.

MANAGEMENT DISCUSSION AND ANALYSIS

Product Re-iteration

Advanced products: For ultra-fast charging LFP batteries, through the use of graphite materials with fast-charging capability above 10C together with fast-charging electrolytes, we are developing ultra-fast charging LFP batteries with energy density close to 180 Wh/kg, peak charging rate reaching 15C, and the ability to replenish 60% of energy within 4.25 minutes, with cycle life exceeding 1,500 cycles. To effectively support ultra-fast charging, we have developed a new bridge-type terminal top cover, which is lighter in weight, lower in resistance, lower in cost and better in reliability as compared with conventional top cover solutions, and can reduce temperature rise and enhance service life for ultra-fast charging batteries.

High-energy-density products: The Energy-saving and New Energy Vehicle Technology Roadmap 3.0 《節能與新能源汽車技術路線圖3.0》 proposes that by 2040, the power consumption of new energy passenger vehicles per 100 kilometers should be less than 9.2 kWh, and existing products may not be able to meet such requirements. By continuously improving the energy density of battery products and reducing the weight of batteries with the same electricity capacity, the Company can in turn reduce vehicle weight, thereby helping automaker customers reduce electricity consumption per 100 kilometers and comply with policy requirements in advance.

ESS products: To address the future market for long-duration energy storage of 8 to 12 hours, we plan to develop next-generation large-scale ESS products with higher capacity of over 1,000 Ah, so as to further improve integration efficiency, reduce the cost of battery cells and systems, match AIDC scenarios, and build off-grid long-duration energy storage systems.

Sodium battery products: In response to the potential impact of substantial fluctuations in lithium resource prices on the ESS market in the future, as well as the safety requirements of the ESS market for products, the Company will continue to simultaneously develop sodium battery ESS cells. Leveraging the characteristics of sodium battery products, including long life, high power, high safety, good low-temperature performance and high cost-effectiveness, we will introduce them into energy storage scenarios such as stand-alone power stations and AIDC, as well as segmented markets such as small and medium-sized passenger vehicles, two-wheelers and small power applications.

OPERATION RESULTS AND ANALYSIS

Overview

During the Reporting Period, revenue of the Group increased by 57.9% from RMB5,130.3 million for the year ended 31 December 2024 to RMB8,101.0 million for the year ended 31 December 2025; net profit of the Group increased by 788.4% from RMB91.0 million for the year ended 31 December 2024 to RMB808.6 million for the year ended 31 December 2025; and earnings per share of the Company increased by 725.0% from RMB0.04 for the year ended 31 December 2024 to RMB0.33 for the year ended 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Key Financial Index

	For the year ended 31 December		YOY change
	2025 RMB'000	2024 RMB'000	
Revenue	8,100,969	5,130,317	57.9%
Gross profit	1,491,410	748,444	99.3%
Gross profit margin (%)	18.4	14.6	/
Net profit	808,550	91,014	788.4%
Net profit margin of sales (%)	10.0	1.8	/
Earnings per share			
Basic and diluted (RMB)	0.33	0.04	725.0%

The table below is extracted from the consolidated statement of profit or loss and other comprehensive income of the Group, which sets forth the absolute amounts for the years ended 31 December 2024 and 31 December 2025.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
REVENUE	8,100,969	5,130,317
Cost of sales	(6,609,559)	(4,381,873)
Gross profit	1,491,410	748,444
Other income and gains	72,305	78,738
Selling and marketing expenses	(32,401)	(35,769)
Administrative expenses	(352,072)	(301,459)
Research and development expenses	(520,257)	(556,165)
Impairment losses on financial assets and contract assets, net	917	(9,705)
Other expenses	(282,720)	(14,952)
Finance costs	(127,949)	(132,585)
Share of profits of joint ventures	359,892	302,496
PROFIT BEFORE TAX	609,125	79,043
Income tax credit	199,425	11,971
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	808,550	91,014
Profit attributable to:		
Owners of the parent	808,550	91,014
PROFIT PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
Basic and diluted (RMB)	0.33	0.04

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Revenue of the Group increased by 57.9% from RMB5,130.3 million for the year ended 31 December 2024 to RMB8,101.0 million for the year ended 31 December 2025, which was mainly attributable to the significant year-on-year increase in delivery volume of EV battery products, facilitating the growth in the Group's sales revenue.

The following table sets forth a breakdown of the Group's revenue by product type during the years indicated, including the absolute amounts and as percentages of total revenue:

Item	For the year ended 31 December			
	2025		2024	
	Revenue RMB'000	Percentage of Revenue (%)	Revenue RMB'000	Percentage of Revenue (%)
EV battery	7,680,508	94.8	4,663,775	90.9
ESS products and others	420,461	5.2	466,542	9.1
Total	8,100,969	100.0	5,130,317	100.0

Revenue from sales of EV batteries of the Group increased by 64.7% from RMB4,663.8 million for the year ended 31 December 2024 to RMB7,680.5 million for the year ended 31 December 2025. Such increase was mainly attributable to favorable market demand and the significant year-on-year increase in delivery volume of EV batteries, which drove the growth in the Group's sales revenue.

Revenue generated from ESS products and others of the Group decreased by 9.9% from RMB466.5 million for the year ended 31 December 2024 to RMB420.5 million for the year ended 31 December 2025, mainly due to the decrease in delivery volume of ESS products as a result of production capacity constraints during the Reporting Period.

Cost of Sales

Cost of sales of the Group increased by 50.8% from RMB4,381.9 million for the year ended 31 December 2024 to RMB6,609.6 million for the year ended 31 December 2025, which was primarily attributable to the significant year-on-year increase in delivery volume of EV battery products.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

The following table sets forth the breakdown of gross profit and gross profit margin by product type and downstream application during the periods indicated:

Item	For the year ended 31 December			
	2025		2024	
	Gross profit RMB'000	Gross profit margin (%)	Gross profit RMB'000	Gross profit margin (%)
EV battery	1,449,415	18.9	708,437	15.2
ESS products and others	41,995	10.0	40,007	8.6
Total	1,491,410	18.4	748,444	14.6

Gross profit of the Group increased by 99.3% from RMB748.4 million for the year ended 31 December 2024 to RMB1,491.4 million for the year ended 31 December 2025. Its gross profit margin increased from 14.6% for the year ended 31 December 2024 to 18.4% for the year ended 31 December 2025, representing a year-on-year increase of 3.8 percentage points.

Specifically, gross profit of EV battery increased by 104.6% from RMB708.4 million for the year ended 31 December 2024 to RMB1,449.4 million for the year ended 31 December 2025, and its gross profit margin increased from 15.2% for the year ended 31 December 2024 to 18.9% for the year ended 31 December 2025. The growth in gross profit and gross profit margin was mainly attributable to the Group's enhancement of product yield and capacity utilization through AI closed-loop technology, the gradual realization of scale effects, and the Company's continuous efforts in quality and efficiency improvement and ongoing optimization of cost control measures.

Gross profit of ESS products and others increased from RMB40.0 million for the year ended 31 December 2024 to RMB42.0 million for the year ended 31 December 2025, and its gross profit margin increased from 8.6% for the year ended 31 December 2024 to 10.0% for the year ended 31 December 2025.

Other Income and Gains

Other income and gains decreased from RMB78.7 million for the year ended 31 December 2024 to RMB72.3 million for the year ended 31 December 2025.

Selling and Marketing Expenses

Selling and marketing expenses decreased from RMB35.8 million for the year ended 31 December 2024 to RMB32.4 million for the year ended 31 December 2025.

Administrative Expenses

Administrative expenses increased by 16.8% from RMB301.5 million for the year ended 31 December 2024 to RMB352.1 million for the year ended 31 December 2025, primarily due to the increase in compensation driven by the expansion of the Group's scale and increase in administrative personnel during the Reporting Period, as well as the increase in listing expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

Research and Development Expenses

Research and development expenses decreased from RMB556.2 million for the year ended 31 December 2024 to RMB520.3 million for the year ended 31 December 2025.

Impairment Losses on Financial Assets and Contract Assets, Net

Impairment losses on financial assets and contract assets, net changed from a loss of RMB9.7 million for the year ended 31 December 2024 to a gain of RMB0.9 million for the year ended 31 December 2025, mainly due to the Company's strengthened control over accounts receivable during the Reporting Period, the substantial decrease in overdue accounts receivable, and the reversal of part of the bad debt provisions made in prior years.

Other Expenses

Other expenses increased from RMB15.0 million for the year ended 31 December 2024 to RMB282.7 million for the year ended 31 December 2025, mainly due to the provision for certain impairment of the HEV battery cell and module production lines at the Changshu base and the production lines at the Nanjing base during the Reporting Period, as well as the increase in foreign exchange losses.

Finance Costs

Finance costs decreased from RMB132.6 million for the year ended 31 December 2024 to RMB127.9 million for the year ended 31 December 2025.

Share of Profits of Joint Ventures

Share of profits of joint ventures increased by 19.0% from RMB302.5 million for the year ended 31 December 2024 to RMB359.9 million for the year ended 31 December 2025, mainly due to the increase in the net profit of a joint venture, STAES, resulting in an increase in investment income recognized under the equity method during the Reporting Period.

Income Tax Credit

Income tax credit increased from RMB12.0 million for the year ended 31 December 2024 to RMB199.4 million for the year ended 31 December 2025, mainly due to the improvement in the Group's profitability, and the management's recognition of the relevant deferred tax assets to the extent of the estimated future taxable income available for utilization.

Profit for the Year

As a result of the foregoing, profit of the Group for the year increased from RMB91.0 million for the year ended 31 December 2024 to RMB808.6 million for the year ended 31 December 2025, representing a year-on-year increase of 788.4%.

Liquidity and Capital Resources

For the year ended 31 December 2025, the Group primarily funded its operations through equity financing, debt financing, dividends from joint ventures and cash generated from operating activities.

We monitor our cash balance on a daily basis and review our cash flow on a monthly basis. We also regularly prepare a cash receipts and expenditures plan for the next three months and submit the same to the chief financial officer for approval to ensure we can maintain optimal liquidity levels and meet our working capital needs. We have sufficient liquidity to meet daily cash management and capital expenditure requirements and control internal operating cash flows.

Cash and Cash Equivalents

As of 31 December 2025, the Group's cash and cash equivalents amounted to RMB4,182.6 million, mainly including cash and unrestricted bank balances and time deposits, compared to RMB2,199.1 million as of 31 December 2024. The Group's cash and cash equivalents are primarily denominated in RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

Bank and Other Borrowings

As of 31 December 2025, the Group's interest-bearing bank and other borrowings were approximately RMB5,693.8 million, compared to RMB4,014.5 million as of 31 December 2024. The Group's bank and other borrowings are denominated in RMB. As of 31 December 2025, with the exception of interest-bearing bank and other borrowings totaling approximately RMB750.6 million which bore interest at fixed rates, the remaining borrowings bore interest at floating rates. Of the Group's interest-bearing bank and other borrowings as of 31 December 2025, 32.6% will mature within one year, and the remainder will mature after one year.

Capital Structure

As of 31 December 2025, the Group's net assets were RMB8,091.8 million, including current assets of RMB8,904.6 million, non-current assets of RMB12,251.0 million, current liabilities of RMB8,678.6 million, and non-current liabilities of RMB4,385.2 million.

As of 31 December 2025, the Group's gearing ratio (calculated as total liabilities divided by total assets) was 61.8%, compared to 62.2% as of 31 December 2024.

Cash Flows

For the year ended 31 December 2025, the Group's net cash flow generated from operating activities was RMB1,437.0 million, compared to the net cash flow used in operating activities of RMB361.1 million for the year ended 31 December 2024. For the year ended 31 December 2025, the Group's net cash flow used in investing activities was RMB2,300.4 million, compared to the net cash flow used in investing activities of RMB775.2 million for the year ended 31 December 2024. For the year ended 31 December 2025, the Group's net cash flow from financing activities was RMB2,858.3 million, compared to the net cash flow generated from financing activities of RMB1,298.1 million for the year ended 31 December 2024.

Interest Rate Risk and Foreign Exchange Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debts with floating interest rates.

The Group's revenue and expenses are primarily denominated in RMB. We are exposed to foreign exchange risk arising from certain currency exposure (mainly related to Hong Kong dollar, Euro and U.S. dollar). For the year ended 31 December 2025, no financial instruments were used for hedging purposes, and the Group did not commit to using any financial instruments to hedge its exposure to exchange rate risk, as the expected exchange rate risk is not significant. The Directors and senior management of the Group will continue to monitor the foreign exchange exposure and will consider applicable derivatives when necessary.

Capital Expenditures and Commitments

For the year ended 31 December 2025, the Group incurred capital expenditures of approximately RMB2,600.9 million, which were primarily related to the purchase of property, plant and equipment and the purchase of right-of-use assets and other intangible assets.

As of 31 December 2025, the Group's capital commitments amounted to RMB494.4 million, which were related to property, plant and equipment.

Restricted Assets and Charges on Assets

As at 31 December 2025, the Group had restricted assets with a total carrying amount of RMB4,338.6 million, including restricted bank deposits of RMB973.5 million, property, plant and equipment of RMB3,001.6 million and right-of-use assets of RMB363.5 million. These restricted assets were mainly used to secure bank loans and other bank facilities, and issue bank acceptance bills.

MANAGEMENT DISCUSSION AND ANALYSIS

Significant Investments

As of 31 December 2025, the Group did not hold any significant investments with a value of 5% or more of the Group's total assets, except for joint ventures.

As of 31 December 2025, the Group held 50% of the equity interests in STAES, which is considered a material joint venture of the Group and is accounted for using the equity method. STAES was established as a limited liability company under the laws of the PRC on 12 November 2013, and is primarily engaged in the manufacturing, development and sale of Lithium-Ion and Ni-MH battery packs for use in vehicles. There was no readily available market fair value for this investment as at 31 December 2025. The Group recorded a share of profit of its joint venture, STAES, of RMB342.3 million for the year ended 31 December 2025, compared to a share of profit of RMB293.7 million for the year ended 31 December 2024. For more details, please refer to (i) the paragraphs headed "History, Reorganization and Corporate Structure – Major Acquisition" in the Prospectus, and (ii) Note 16 to the financial information in this annual report.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

For the year ended 31 December 2025 and save for disclosed in this annual report, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures.

Future Plans for Material Investments or Capital Assets

Save for the expansion plans disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the Prospectus and as disclosed in this annual report, the Group has no specific plans for material investments or acquisitions of major capital assets or other businesses. However, we will continue to seek new business development opportunities.

Contingent Liabilities

As of 31 December 2025, the Group did not have any material contingent liabilities, guarantees, or any pending or threatened material litigation or claims against any member of the Group.

Subsequent Events

As of the date of this report, the Group has no material subsequent events after 31 December 2025.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Ms. Cao Fang (曹芳) (“Ms. Cao”), aged 67, joined our Group in February 2019 and has served as the chairperson of the Board of our Company since its establishment. Ms. Cao was re-designated as an executive Director, chairperson of the Nomination Committee and the member of Remuneration and Evaluation Committee in June 2024. She is responsible for the overall strategic planning and business development of our Group.

Ms. Cao has extensive enterprise management experience. She co-founded Zenergy Investment, which engages in investment in the sector of core components of EV, with Mr. Chen in August 2016. Ms. Cao has served as the chairperson of STAES since November 2013. She also founded SINOXY VC engaging in venture capital investment in March 2013 and has served as the executive director since its incorporation. From August 1987 to September 1994, Ms. Cao served as the manager of the sales department at Fuyao Glass Industry Group Co., Ltd. (福耀玻璃工業集團股份有限公司) (“Fuyao Glass”), a company listed on the Shanghai Stock Exchange (stock code: 600660) and the Hong Kong Stock Exchange (stock code: 3606), and she served as a director and the vice general manager of Fuyao Glass from October 1994 to April 2014.

Ms. Cao received an executive master’s degree in business administration from Peking University (北京大學) in the PRC in June 2017.

Mr. Chen Jicheng (陳繼程) (“Mr. Chen”), aged 54, joined our Group in February 2019 and has served as a Director and the general manager of our Company since its establishment. Mr. Chen was re-designated as an executive Director, members of both the Nomination Committee and the Remuneration and Evaluation Committee in June 2024. He is responsible for the overall management and operations of our Group.

Prior to joining our Group, Mr. Chen co-founded Zenergy Investment with Ms. Cao in August 2016 and has served as the executive director since its incorporation. He also co-founded SINOXY VC in March 2013 with Ms. Cao. Mr. Chen joined Fuyao Glass in October 2003 and successively held multiple positions at the Fuyao Glass group, including as an executive director of Fuyao Glass from October 2015 to April 2016, and as the vice general manager of Fuyao Glass from February 2011 to April 2016.

Mr. Chen received his bachelor’s degree in economy and administrative management from Nanjing Political Academy (南京政治學院) (currently known as Political College of National Defence University (國防大學政治學院)) in the PRC, his executive master’s degrees in business administration from Tsinghua University (清華大學) and INSEAD Business School in France, respectively, and his doctoral degree in business administration from The University of Hong Kong. Mr. Chen published a research article in *Advanced Materials* as a co-author in cooperation with a research team from Institute of Chemistry, Chinese Academy of Sciences in July 2024. Mr. Chen has been pursuing his second doctoral degree in materials and chemicals from Peking University (北京大學) in the PRC since August 2022.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Yu Zhexun (于哲勳) (“Mr. Yu”), aged 43, was elected as an employee representative Director in June 2024 and re-designated as an executive Director of our Company in July 2024. He joined our Group in March 2022 as the director of platform center and has served as the chief product officer since December 2022. Mr. Yu is responsible for the overall management of the platform center of our Group.

Prior to joining our Group, Mr. Yu accumulated working and research experience in battery related research and development, including serving as a senior officer at Jiangsu TAFEL from October 2018 to March 2022. Mr. Yu served as a senior engineer of Huawei Technologies Co., Ltd. (華為技術有限公司) from September 2015 to October 2018, and worked in Dongguan Amperex Technology Co., Ltd. (東莞新能源科技有限公司) as a senior engineer from December 2010 to August 2015.

Mr. Yu received his bachelor’s degree in chemistry from Peking University (北京大學) in the PRC in July 2005 and his doctoral degree in condensed matter physics from the Institute of Physics, Chinese Academy of Sciences (中國科學院物理研究所) in the PRC in January 2011. He was a post-doctoral fellow in South China University of Technology (華南理工大學) in the PRC from December 2011 to December 2014.

Non-executive Director

Mr. Zhang Li (張力) (“Mr. Zhang”), aged 51, has served as a Director of our Company since June 2023 and was re-designated as a non-executive Director and a member of Audit Committee in June 2024. He is responsible for providing strategic advice to our Group.

Mr. Zhang has served as the chairman of the board of directors and general manager of Huafu Growth Investment Co., Ltd. (華福成長投資有限公司) (formerly known as Xingyin Investment Co., Ltd. (興銀投資有限公司)) since August 2023, where he served as the general manager from March 2021 to July 2023. Previously, Mr. Zhang served as the general manager of Xingyin Fund Management Co., Ltd. (興銀基金管理有限責任公司) (“Xingyin Fund”) from March 2015 to January 2021. From December 2014 to September 2019, Mr. Zhang served as an executive director of Shanghai Xinghan Asset Management Co., Ltd. (上海興瀚資產管理有限公司), a wholly-owned subsidiary of Xingyin Fund.

Mr. Zhang received his bachelor’s degree in engineering from Qingdao Chemical College (青島化工學院) (currently known as Qingdao University of Science and Technology (青島科技大學)) in the PRC in July 1997, and his master’s degree in accounting from Shanghai University of Finance and Economics (上海財經大學) in the PRC in June 2013.

Independent Non-executive Directors

Mr. Xu Zhiming (許志明) (“Mr. Xu”), aged 64, was appointed as an independent non-executive Director, chairperson of Remuneration and Evaluation Committee and a member of Nomination Committee in June 2024. Mr. Xu is responsible for providing independent opinion and judgment to the Board.

Mr. Xu has extensive experience in corporate governance. Mr. Xu is a partner of China Broadband Capital (寬帶資本). From January 2002 to May 2005, Mr. Xu successively served as a Senior Advisor of TOM Group Ltd. (TOM 集團有限公司), and an executive director and chief operating officer of TOM Online Inc. (TOM 在線有限公司). From August 1999 to December 2001, Mr. Xu successively served as an executive director of China Resources Enterprise Limited (華潤創業有限公司), an executive director of China Resources (Beijing) Land Limited (華潤北京置地有限公司), and the managing director and chief operating officer of China Resources Logic Limited (華潤勵致有限公司).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Xu has served as an independent non-executive director of Genertec Universal Medical Group Company Limited (通用環球醫療集團有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 2666), since June 2022. He previously served as an independent non-executive director in each of (i) DFZQ (東方證券股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 3958) and the Shanghai Stock Exchange (stock code: 600958), from July 2016 to November 2022, and (ii) Tianjin Capital Environmental Protection Group Company Limited (天津創業環保集團股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 1065) and the Shanghai Stock Exchange (stock code: 600874), from November 2021 to September 2022.

Mr. Xu received his bachelor's degree in astrophysics from Peking University (北京大學) in the PRC in July 1983, his master's degree in industrial economy from Chinese Academy of Social Sciences (中國社會科學院) in the PRC in July 1986, and his doctoral degree from The University of Manchester in the United Kingdom in July 1993.

Mr. Gong Zhengliang (龔正良) ("Mr. Gong"), aged 46, was appointed as an independent non-executive Director, chairperson of Audit Committee and members of both the Remuneration and Evaluation Committee and Nomination Committee in June 2024. Mr. Gong is responsible for providing independent opinion and judgment to the Board.

Mr. Gong has served as a professor in the College of Energy, Xiamen University (廈門大學) from August 2019 and has long been committed to low-cost and high-efficiency energy storage and conversion devices with his recent focus on electrochemical energy storage devices and their key materials. Mr. Gong has undertaken more than 10 projects under the National Key Research and Development Program (國家重點研發計劃) and the National Natural Science Foundation of China (國家自然科學基金), etc. and has published more than 100 SCI-indexed papers in Energy & Environmental Science, Advanced Energy Materials, Acs Energy Letters, Advanced Functional Materials, Nano Letters, and other academic journals. Mr. Gong has successively served as an assistant professor, associate professor and professor in the College of Energy of Xiamen University (廈門大學) from July 2010. Prior to that, he served as a research fellow in the department of chemical and biomolecular engineering of the National University of Singapore from August 2008 to July 2010.

Mr. Gong received his bachelor's degree in chemistry from Hunan Normal University (湖南師範大學) in the PRC in July 2001, and his master's and doctoral degree in physical chemistry from Xiamen University (廈門大學) in the PRC in July 2004 and December 2007, respectively.

Ms. Xiao Min (肖璿) ("Ms. Xiao"), aged 55, was appointed as an independent non-executive Director and members of each of Audit Committee, Remuneration and Evaluation Committee and Nomination Committee in June 2024. Ms. Xiao is responsible for providing independent opinion and judgment to the Board.

Ms. Xiao has successively served as a teaching assistant, lecturer, associate professor, professor, and doctoral supervisor in the MBA Education Center and the Department of Finance in the School of Management at Xiamen University (廈門大學) since April 2001.

Ms. Xiao has served as (i) an independent director of Dnake (Xiamen) Intelligent Technology Co., Ltd. (廈門狄耐克智能科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300884), since September 2024; (ii) an independent director of Xiamen Faratronic Co., Ltd. (廈門法拉電子股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600563), from April 2011 to April 2017, and since April 2023, respectively; (iii) an independent director and the chairperson of the audit committee of Fujian Yanjing Huiquan Beer Co., Ltd. (福建省燕京惠泉啤酒股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600573), from May 2009 to April 2015, and since May 2022, respectively, (iv) an independent director of Fuxin Futong Technology Co., Ltd. (福信富通科技股份有限公司), a non-listed company, since December 2020; and (v) an independent director of Yimi Fund Management Co., Ltd (易米基金管理有限公司) since August 2020.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Xiao previously served as an independent director and a member of the audit committee of Zhangzhou Yabao Electronic Co., Ltd. (漳州雅寶電子股份有限公司) from November 2020 to February 2024. She also served as (i) an independent director and the chairperson of the audit committee of Fujian Wanchen Biotechnology Group Co., Ltd. (福建萬辰生物科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300972), from August 2020 to September 2023, and (ii) an independent director of Xiamen R&T Plumbing Technology Co., Ltd. (廈門瑞爾特衛浴科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002790), from May 2018 to May 2024.

Ms. Xiao accumulated extensive experience in the corporate governance especially in the financial management perspective through her working experience in the A Share listed companies as mentioned above. Ms. Xiao served as chairperson of audit committee in each of Fujian Yanjing Huiquan Beer Co., Ltd. (福建省燕京惠泉啤酒股份有限公司), Fujian Wanchen Biotechnology Group Co., Ltd. (福建萬辰生物科技股份有限公司) and Xiamen Faratronic Co., Ltd. (廈門法拉電子股份有限公司), and had been involved in (i) overseeing internal audit procedures, (ii) communications with auditors in relation to the auditing scope, measures, audited financials and material issues identified, (iii) reviewing of the auditors' report and (iv) evaluation of the independence and professionalism of the accounting firms and etc. Additionally, Ms. Xiao has been teaching accounting and financial related courses at Xiamen University (廈門大學) since January 2009. Therefore, our Company believes that Ms. Xiao has appropriate accounting and related financial management expertise under Rule 3.10(2) of the Listing Rules.

Ms. Xiao received her bachelor's degree in accounting from Anhui College of Finance & Trade (安徽財貿學院) (currently known as Anhui University of Finance & Economics (安徽財經大學)) in the PRC in June 1992, her master's and doctoral degree in enterprise management from Xiamen University (廈門大學) in the PRC in December 2000 and June 2007, respectively. Ms. Xiao also received a master's degree in business administration from Babson College in the United States in May 2013.

SUPERVISORS

Mr. Yu Yang (于洋) ("Mr. Yu"), aged 38, is the chairperson of our Supervisory Committee and the employee representative Supervisor.

Mr. Yu joined our Group in July 2019 as a translator of Suzhou ZENIO, a wholly-owned subsidiary of our Group, until March 2020. He has served as a senior sales manager of our Company since January 2022.

Prior to joining our Group, Mr. Yu served as an application engineer at TI Automotive Japan Ltd. (TI Automotive Japan 株式會社) from January 2015 to June 2019. He worked at Central Engineering Co., Ltd. (セントラルエンジニアリング株式會社) from November 2013 to January 2014. Mr. Yu worked at Pasona Tech, Inc. (株式會社パソナテック) from May 2011 to November 2012. He served as a technician (intern) at Liao River Petroleum Exploration Authority (遼河石油勘探局) from July 2010 to March 2011.

Mr. Yu received his bachelor's degrees in mechanical engineering and Japanese from Dalian University of Technology (大連理工大學) in the PRC in June and July 2010, respectively.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Hong Ping (洪平) (“Mr. Hong”), aged 49, is a Supervisor.

Mr. Hong has served as (i) the deputy general manager of Changshu Kuncheng Lake Construction Investment Group Co., Ltd. (常熟市昆承湖建設投資集團有限公司) since December 2024, (ii) the chairperson of Haohua Financing Leasing (Jiangsu) Co., Ltd. (昊華融資租賃(江蘇)有限公司) since February 2024, (iii) the executive director of Changshu Southeast Investment Holding Co., Ltd. (常熟市東南投資控股有限公司) since August 2022, (iv) the executive director and general manager of Changshu Kuncheng Nikko Hotel Management Co., Ltd. (常熟昆承日航酒店管理有限公司) since February 2022, (v) the executive director of Changshu Kuncheng Construction Development Co., Ltd. (常熟昆承建設發展有限公司) since October 2021, (vi) the chairperson of the board and general manager of Changshu Southeast Asset Operation Investment Co., Ltd. (常熟東南資產經營投資有限公司) since August 2018, (vii) the general manager of Changshu Kuncheng Lake Development and Construction Co., Ltd. (常熟昆承湖開發建設有限公司) from January 2015 to August 2022, (viii) chief of the investment and financing section of the Changshu Hi-tech Zone Finance Bureau (常熟市高新區財政局) from December 2002 to January 2015, (ix) member of the budget section of the Changshu Finance Bureau (常熟市財政局) from July to December 2002, and (x) accountant at the Changshu Meili Township Finance Office (常熟市梅李鎮財政所) from August 1997 to June 2002.

Mr. Hong received his bachelor's degree in accounting from China Central Radio and TV University (中央廣播電視大學) (currently known as The Open University of China (國家開放大學)) in the PRC in January 2004. Mr. Hong obtained his securities qualification certificate (證券從業資格) in April 2016, futures qualification certificate (期貨從業資格) in April 2017, financial leasing qualification certificate (融資租賃從業資格) in May 2017 and fund qualification certificate (基金從業資格) in July 2016.

Mr. Jiang Dongfeng (姜東峰) (“Mr. Jiang”), aged 49, is a Supervisor.

Mr. Jiang joined our Group in October 2019 as a project manager of Suzhou ZENIO, a wholly-owned subsidiary of our Group, until May 2020. He then served as the executive vice president of Suzhou ZENIO from May 2020 to March 2022. Mr. Jiang served as the executive deputy general manager of Jiangsu Aiev from August 2020 to April 2021 before serving as the general manager of Jiangsu Aiev since April 2021. He has served as the senior director of Zenergy System Base of Suzhou ZENIO in charge of the management and operation of the Zenergy System Base since March 2022.

Prior to joining our Group, Mr. Jiang served as a senior project manager of the ESS division of Shanghai XPT Technology Limited (上海蔚蘭動力科技有限公司) from July 2018 to October 2019. He also served as a senior quality manager of the operations and supply chain department of Beijing ASU Tech Co., Ltd. (北京一數科技有限公司) from October 2017 to July 2018. Mr. Jiang worked at Beijing Boston Power Technology Co., Ltd. (北京波士頓電池技術有限公司) from February 2016 to September 2017. Mr. Jiang worked at Beijing Changji Refueling Equipment Co., Ltd. (北京長吉加油設備有限公司) (currently known as Gilbarco Veet-root Mobility Technology Beijing Co., Ltd. (吉蔚交通科技(北京)有限公司)) from June 2014 to January 2016. He worked at Perlos (Beijing) Electronic and Telecommunication Components Co., Ltd. (貝爾羅斯(北京)電子電信部件有限公司) (currently known as Beijing Lite-On Mobile Electronic and Telecommunication Components Co., Ltd. (北京光寶移動電子電信部件有限公司)) from November 2008 to May 2014. Mr. Jiang worked at TD Tech Limited (鼎橋通信技術有限公司) from June 2007 to October 2008. He worked at Xinhuikai Electronics (Beijing) Co., Ltd. (新輝開電子(北京)有限公司) from February 2005 to May 2007.

Mr. Jiang received his bachelor's degree in chemical engineering (polymer chemistry and engineering) and his master's degree in materials science and engineering from Tianjin University (天津大學) in the PRC in June 2000 and January 2005, respectively.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Chen Jicheng (陳繼程), aged 54, is an executive Director and the general manager of our Company. For further details, please refer to “Executive Directors” in this section.

Mr. Tang Jia (唐佳) (“Mr. Tang”), aged 40, is the executive deputy general manager of our Company. Mr. Tang joined our Group in January 2023 as deputy general manager until January 2024.

He has served as the executive deputy general manager of our Group since January 2024. Mr. Tang served as the general manager of the Ghana office of SUNDA GROUP CO., LIMITED (森大集團有限公司) from November 2021 to January 2023. Prior to that, he served as the assistant of the president at the Lighting Engineering International division of Shenzhen Ocean’s King Lighting Technology Co., Ltd. (深圳海洋王照明科技有限公司) from January 2020 to December 2020. Mr. Tang worked at Huawei Technologies Co., Ltd. (華為技術有限公司) from November 2008 to July 2019, where he successively served as the Representative of the Paraguay Representative Office of Huawei and a department head.

Mr. Tang obtained his bachelor’s degree in economics from Xiamen University (廈門大學) in the PRC in July 2007. He obtained the executive master’s degree of business administration with merit from The University of Lancaster in the United Kingdom in July 2024.

Mr. Liang Wangchun (梁旺春) (“Mr. Liang”), aged 44, is the chief financial officer and secretary of the Board of our Company.

Before joining our Group in August 2020 as the chief financial officer of our Company, Mr. Liang successively worked at several subsidiaries of Fuyao Glass, including serving as the finance manager at Tianjin Hongde Auto Glass Co., Ltd. (天津泓德汽車玻璃有限公司) from May 2018 to July 2020 and the finance manager at Fuyao Group (Shenyang) Automotive Glass Co., Ltd. (福耀集團(瀋陽)汽車玻璃有限公司) from April 2014 to May 2018. Mr. Liang also worked at Fuyao Group (Fujian) Engineering Glass Co., Ltd. (福耀集團(福建)工程玻璃有限公司), as the finance manager from April 2005 to April 2014. He worked at Xinyuan (Fujian) Package Printing Co., Ltd. (鑫園(福建)包裝印刷有限公司) from January to March 2005. From August 2000 to August 2004, Mr. Liang worked as an accountant at Fujian Xinfuxing Glass Co., Ltd. (福建新福興玻璃有限公司) (currently known as Xinfuxing Glass Industrial Group Co., Ltd. (新福興玻璃工業集團有限公司)).

Mr. Liang received his college degree in accounting from Fuzhou University (福州大學) in the PRC in June 2007. Mr. Liang was accredited as a non-practicing Certified Public Accountant by The Liaoning Provincial Institute of Certified Public Accountants (遼寧省註冊會計師協會) in March 2018. He has been a senior accountant certified by Tianjin Human Resources and Social Security Bureau (天津市人力資源和社會保障局) since December 2019. Mr. Liang was accredited the International Certified Internal Auditors’ Certificate by the International Institute of Internal Auditors in December 2018 and the Certified Management Accountant Certificate by the Institute of Certified Management Accountants in the USA in September 2019.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

We are a leading lithium-ion battery manufacturer in China, committed to developing a diverse portfolio of market-driven and technology-fueled battery products. We primarily focus on the R&D, production and sales of EV battery products, ESS battery products and aviation battery products. We provide integrated battery solutions, encompassing battery cells, modules, packs, racks, and battery management systems. We are rooted in the passenger vehicle power battery market and dedicated to all-scenario applications of electrochemical products to interconnect land, sea and air.

There were no significant changes in the nature of the Group's principal activities since the Listing Date and up to the date of this report. Please refer to Note 1 to the consolidated financial statements for details of the principal activities of the principal subsidiaries of the Company.

RESULTS

The results of the Group for the year ended 31 December 2025 are set out in the Group's consolidated financial statements contained in this report.

DIVIDENDS

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2025.

As of the date of this report, the Board is not aware of any Shareholders who have waived or agreed to waive any dividend.

SHARE CAPITAL

Details of the issued Shares during the year ended 31 December 2025 are set out in Note 30 to the consolidated financial statements.

DEBENTURES IN ISSUE

The Company did not have any debentures in issue during the Reporting Period.

RESERVES

Details of the movements in reserves of the Group during the year ended 31 December 2025 are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

Calculated in accordance with the applicable laws of the PRC, being the place of incorporation of the Company, the Group had no reserves available for distribution as at 31 December 2025.

DIRECTORS' REPORT

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and equity of the Group for the last five financial years, as extracted from the audited financial information and financial statements, is set out in the section headed "Financial Highlights" in this report.

INTEREST-BEARING BANK AND OTHER BORROWINGS

Particulars of interest-bearing bank and other borrowings of the Group as at 31 December 2025 are set out in Note 28 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Company during the year ended 31 December 2025 are set out in Note 13 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules requires that there must be an open market in the securities for which listing is sought, and that a sufficient public float of an issuer's listed securities shall be maintained. Generally, at least 25% of the issuer's total issued share capital must at all times be held by the public. Pursuant to Rule 8.08(1)(d) of the Listing Rules, the Stock Exchange may, subject to certain conditions and at its discretion, accept a lower percentage of between 15% and 25% in the case of issuers with an expected market capitalization at the time of listing of over HK\$10 billion.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules to reduce the minimum public float of the Company to be the higher of (i) 21.16% of the total issued share capital of the Company (assuming the conversion of Unlisted Shares into H Shares is completed and the Over-allotment Option is not exercised); or (ii) such percentage of Shares to be held by the public H Shareholders upon completion of the Global Offering and the last exercise of the Over-allotment Option, subject to the following:

- (a) the Company has an expected market capitalization at the time of Listing of over HK\$10 billion;
- (b) there will be an open market in the H Shares offered, and the quantity and extent of their distribution would enable the market to operate properly with a lower percentage of public float;
- (c) the Company will (i) make appropriate disclosure of the lower prescribed percentage of public float in the Prospectus and the announcement of allotment results and (ii) announce the percentage of shares held by the public immediately after the completion of the Global Offering (before any exercise of the Over-allotment Option) and upon any exercise of the Over-allotment Option such that the public will be informed of the minimum public float requirement applicable to the Company;

DIRECTORS' REPORT

- (d) the Company will confirm sufficiency of public float in its successive annual reports after the Listing;
- (e) the Company will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum 21.16% public float (or a higher percentage upon completion of the last exercise of the Over-allotment Option) after the Listing; and
- (f) in the event that the public float percentage falls below the minimum percentage prescribed by the Stock Exchange, the Directors will take appropriate steps, which may include a further issue of H Shares to Independent Third Parties, to ensure the minimum percentage of public float prescribed by the Stock Exchange will be complied with.

References are made to the announcements of the Company dated 11 April 2025 and 9 May 2025, in relation to the Global Offering and Over-allotment Option, respectively. It is confirmed that there was no over-allocation of the Offer Shares under the International Offering. Therefore, the Over-allotment Option had not been exercised and the Over-allotment Option lapsed on Friday, 9 May 2025. Accordingly, no H Shares were or will be issued by the Company under the Over-allotment Option.

Immediately after the end of the stabilization period, the number of H Shares held in public hands represents approximately 21.16% of the total issued share capital of the Company, which satisfies the minimum percentage prescribed in the conditions imposed in the waiver granted by the Stock Exchange from strict compliance with Rule 8.08(1)(a) of the Listing Rules.

Based on the information that is publicly available to the Company and to the knowledge of the Directors as of the date of this report, the Company is not aware of any deviation from the above confirmation, and the Company has maintained the aforementioned minimum public float required by the Stock Exchange since the Listing Date and up to the date of this report.

PRE-EMPTIVE RIGHTS

During the Reporting Period, the Company did not have any pre-emptive rights arrangement pursuant to the laws of the PRC and the Articles of Association.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities. Shareholders should seek expert advice if they are unsure of the tax implications of purchasing, holding, selling, dealing in the Shares, or exercising any of the rights attached to them.

DIRECTORS' REPORT

USE OF PROCEEDS

Use of Proceeds from the Global Offering

The Company's H Shares were listed on the Stock Exchange on 14 April 2025. The Company received net proceeds of approximately HK\$927.5 million from the Global Offering. As of 31 December 2025, the Group had utilized approximately HK\$653.6 million of the net proceeds from the Global Offering in accordance with the relevant disclosures in the Prospectus, and the remaining unutilized net proceeds amounted to approximately HK\$273.9 million. Details are set out in the table below:

Item	Approximate percentage of total net proceeds	Allocation of net proceeds	Net proceeds utilized	Net proceeds	Unutilized balance	Proposed timeline for utilizing unutilized net proceeds
			from the Listing Date to 31 December 2025	utilized as of 31 December 2025	of net proceeds as of 31 December 2025	
		(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	
1	Expansion of our production capacity and construction of intelligent manufacturing facilities and flexible manufacturing lines	80.0%	741.9	483.1	258.8	
(1)	Construction, equipment purchases and preparation costs in relation to the construction of Phase I of the new production facility in Changshu	44.0%	408.1	408.1	–	
(2)	Construction, equipment purchases and preparation costs in relation to the construction of Phase II of the new Changshu production facility	36.0%	333.8	75.0	258.8	Before 31 December 2027
2	Various R&D activities	10.0%	92.8	77.7	15.1	
(1)	Exploring various new battery electrochemistries and advanced materials	5.0%	46.4	31.3	15.1	Before 31 December 2027
(2)	Optimizing the next-generation intelligent manufacturing capabilities to improve manufacturing efficiency and product quality, such as root cause analysis system, contactless vision system, quality system for winding and coating, and multi-layer coating technology	1.5%	13.9	13.9	–	
(3)	Development of high-power battery cells and battery systems for application in low-altitude economy scenarios and related industries	1.5%	13.9	13.9	–	
(4)	Further developing semi-solid-state and solid-state battery products and technologies, which improves thermal stability and battery safety	1.0%	9.3	9.3	–	
(5)	Development of high energy density ultra-fast charging battery products and technologies, focusing on the standardized battery cells, platformed battery packs and diversified electrochemistries and advanced materials to improve battery performance in terms of charging speed	1.0%	9.3	9.3	–	
3	Providing funding for working capital and other general corporate purposes*	10.0%	92.8	92.8	–	
Total		100.0%	927.5	653.6	273.9	

* To fund working capital and other general corporate purposes, primarily for payments for raw materials, energy expenses and administrative expenses, etc.

The Group will utilize the net proceeds from the Global Offering for the proposed purposes as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

DIRECTORS' REPORT

Use of Proceeds from the Placing

The Company completed the Placing of 45,921,000 new H Shares under the general mandate on the Stock Exchange on 24 October 2025. The net proceeds from the Placing (after deducting the placing commission and other related expenses and professional fees) amount to approximately HK\$500.4 million. As of 31 December 2025, the Group had utilized approximately HK\$70.3 million of the net proceeds from the Placing in accordance with the relevant disclosures in the announcements of the Company dated 17 October 2025 and 24 October 2025, and the remaining unutilized net proceeds amounted to approximately HK\$430.1 million. Details are set out in the table below:

Item	Approximate percentage of total net proceeds	Allocation of net proceeds	Net proceeds		Unutilized balance		Proposed timeline for utilizing unutilized net proceeds
			utilized from the date of the Placing to 31 December 2025	Net proceeds utilized as of 31 December 2025	of net proceeds as of 31 December 2025		
		(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)		
1	To support the Group's construction, equipment purchases and preparation costs in relation to the construction of Phase II of the new Changshu production facility	70.0%	350.3				
(1)	used for the construction of factories, manufacturing lines and supportive warehouses	24.5%	122.6	-	-	122.6	Before 31 December 2027
(2)	used for the purchase and installation of production equipment, storage equipment, control systems and equipment	42.0%	210.2	-	-	210.2	Before 31 December 2027
(3)	used for preliminary production preparation, trial production and other expenses	3.5%	17.5	-	-	17.5	Before 31 December 2027
2	Pilot production line construction of all-solid-state batteries	10.0%	50.0	-	-	50.0	Before 31 December 2027
3	Research and development activities	10.0%	50.0	20.2	20.2	29.8	Before 31 December 2027
4	Working capital and general corporate purposes*	10.0%	50.0	50.0	50.0	-	
Total		100.0%	500.4	70.3	70.3	430.1	

* For working capital and general corporate purposes, primarily for payments for raw materials, energy expenses and administrative expenses, etc.

The Group will utilize the net proceeds from the Placing for the proposed purposes as set out in the paragraph headed "Use of Proceeds from the Placing" in the announcement of the Company dated 24 October 2025.

DIRECTORS' REPORT

BUSINESS REVIEW

Overview and Performance of the Year

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business is set out in the sections headed "Chairperson's Statement" and "Management Discussion and Analysis" of this report. These discussions form part of this report. Events affecting the Company that have occurred since the end of the Reporting Period are set out in the section headed "Management Discussion and Analysis – Subsequent Event" in this report.

Key Relationship with Stakeholders

The Group recognizes that various stakeholders including employees, customers, suppliers and other business associates are key to the Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationships with them.

The Group believes that it is vital to attract, recruit and retain quality employees. To maintain the quality, knowledge and skill levels of the Group's workforce, the Group provides the employees with periodic training, including introductory training for new employees, technical training, professional and management training, as well as health and safety training. During the Reporting Period, the Group believes that it maintained a good relationship with its employees and the Group did not experience any significant labour disputes or any difficulty in recruiting staff for its operations.

The Group values customer feedback as superior customer service is one of its key sales engines. The Group has designated customer service teams to timely and effectively address various after-sales customer requests in a customized way and drive overall customer satisfaction. Our large and growing customer base has also provided us with valuable insights into industry best practices that has enabled us to better understand customer needs to continuously refine our offerings and improve customer experience.

Details of an account of the Company's key relationships with its employees, customers, suppliers and other business associates that have a significant impact on the Company are set out in the Environmental, Social and Governance Report of the Company published on the same day with this annual report.

Social Responsibilities, Environmental Policies and Performance

During the year ended 31 December 2025, the Group was committed to fulfilling its social responsibilities, improving employee welfare, promoting development, protecting the environment, giving back to the community and achieving sustainable growth. We integrate green, low-carbon and sustainable development into our business operations. Guided by our mission of "advancing forward-looking technologies across land, marine and aerospace application scenarios to build a sustainable future for global energy", and upholding our vision of "joining every effort together to build a zero-carbon society filled with positive energy and goodwill", we are committed to becoming a leading enterprise in new-quality productive forces for green energy through the continuous improvement of battery technologies and to creating sustainable value for our stakeholders.

A separate Environmental, Social and Governance Report of the Company is expected to be published on the Stock Exchange's website and the Company's website at the same time as the publication of this annual report.

DIRECTORS' REPORT

Compliance with Relevant Laws and Regulations

The Group has complied with the requirements under the Companies Ordinance, the Listing Rules, the SFO and the CG Code for, among other things, the disclosure of information and corporate governance. The Group has adopted the Model Code. For further details, please refer to the section headed "Compliance with the Corporate Governance Code" in this section. During the Relevant Period and up to the date of this report, the Group has complied with relevant laws and regulations that have a significant impact on the Group, and did not have any material non-compliance with such laws and regulations. Please refer to the section headed "Regulations" in the Prospectus for details.

Key Risks and Uncertainties

Risks relating to macroeconomy and market competition

Geopolitical tensions have recently intensified, resulting in increased volatility in the macro market. Coupled with the rapid development of the battery industry, competition in the global market is becoming increasingly intense. These developments may affect our business, cash flows, operating results and financial position to a certain extent.

The Company will continue to strengthen and deepen its relationships with existing customers while actively establishing business cooperation with new customers to diversify its customer base. At the same time, we will actively explore with customers different cooperation models for overseas business and collaboration across different scenarios, so as to steadily expand our business footprint and development boundaries. In addition, the Company continues to increase its investment in technology and, through lean manufacturing and product mix adjustment, continues to improve yield rate, enhance capacity utilisation and reduce energy consumption, while continuously upgrading product performance and quality and lowering production costs, in order to provide customers with high-quality products and services and continuously enhance our market competitiveness.

Risks relating to fluctuations in raw material prices

The principal raw materials used in our products include cathode materials, anode materials, separators and electrolytes. Due to the improving industry outlook and the cyclical impact of supply and demand dynamics, the prices of mineral resources and chemical raw materials are subject to significant fluctuations. Volatility in raw material prices may have a certain impact on product costs.

The Company works with customers in a constructive manner to promote a price linkage mechanism. At the same time, we adopt diversified procurement methods to safeguard the stability of supply. On the other hand, the Company continues to increase its investment in technology and, through lean manufacturing, continuously improves quality and efficiency so as to reduce product costs.

Risks relating to new technology research and development

Against the backdrop of continuous technological iteration in the power battery and energy storage battery industries, globally renowned automakers, battery manufacturers, material companies and research institutions have all been increasing their investment in the research and development of battery technologies with high performance, high safety and high cost-effectiveness. We may not be able to keep pace with rapid technological changes and industry trends, which may weaken our competitiveness.

Technological innovation is critical to our success and we therefore continue to make substantial investments. The Company will continue to regard innovation as its engine, driving cutting-edge technologies and exceptional products through uninterrupted R&D iteration, and will continue to iterate and upgrade in areas such as advanced materials, advanced technology platforms, frontier battery technologies and intelligent manufacturing, so as to consolidate and strengthen its competitive barriers.

However, the above is not an exhaustive list. Investors should exercise their own judgment or consult an investment advisor before making any investment in our H Shares.

DIRECTORS' REPORT

PROSPECTS

A description of the future development in the Company's future business is provided in the sections headed "Chairperson's Statement" and "Management Discussion and Analysis" of this report.

DIRECTORS

The Directors during the Reporting Period and up to the date of this report are as follows:

Executive Directors

Ms. Cao Fang (*Chairperson of the Board*)
Mr. Chen Jicheng
Mr. Yu Zhexun

Non-executive Director

Mr. Zhang Li

Independent Non-executive Directors

Mr. Xu Zhiming
Mr. Gong Zhengliang
Ms. Xiao Min

SUPERVISORS

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

Mr. Yu Yang (*Chairperson and employee representative*)
Mr. Hong Ping
Mr. Jiang Dongfeng

In accordance with the Articles of Association, the Directors shall be elected or replaced at Shareholders' meeting, and may be removed from office by ordinary resolution made at the Shareholders' meeting before expiration of their tenure, subject to compliance with applicable laws, administrative regulations, departmental rules, normative documents and the Listing Rules (without prejudice to the Directors' claim for compensation available under any contract). The tenure of a Director shall be three years, from the date of appointment to the expiry of tenure of the current Board. Upon the expiration of his/her tenure, a Director may be re-elected and serve consecutive terms.

In accordance with the Articles of Association, the Supervisors (not including employee representative(s)) shall be elected or replaced at Shareholders' meeting. A Supervisor serves a three-year term from the date of appointment, and can be re-elected to serve consecutive terms upon the expiration of the term.

DIRECTORS' REPORT

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of the Directors, Supervisors and senior management of the Company as at the date of this report are set out in the section headed "Directors, Supervisors and Senior Management" of this report. Save as otherwise disclosed in this report, there are no other changes in the Directors, Supervisors and Chief Executive Officer that are required to be disclosed pursuant to Rules 13.51(2) and 13.51B(1) of the Listing Rules.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

The Company has not entered into, and does not propose to enter into, any service contract with any of the Directors or Supervisors in their respective capacities which cannot be terminated by the employer within one year without payment of any compensation, other than statutory compensation.

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

As far as the Company is aware, as at 31 December 2025, the Directors, Supervisors and chief executives of the Company had interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company, or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as if they were applicable to the Supervisors) as follows:

Name of Director	Nature of interest	Class of Shares ⁽¹⁾	Number of Shares	Percentage of shareholding in Unlisted Shares/ H Shares ⁽²⁾	Percentage of shareholding in total share capital ⁽²⁾
Ms. Cao Fang ⁽³⁾	Interest in controlled corporations	Unlisted Shares (L)	598,319,817	55.96%	23.42%
		H Shares (L)	560,693,101	37.75%	21.95%
Mr. Chen Jicheng ⁽³⁾	Interest in controlled corporations	Unlisted Shares (L)	598,319,817	55.96%	23.42%
		H Shares (L)	560,693,101	37.75%	21.95%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) The calculation is based on the total number of 1,069,127,364 Unlisted Shares and 1,485,293,739 H Shares in issue as at 31 December 2025.
- (3) Ms. Cao Fang and Mr. Chen Jicheng have been acting in concert with each other, and are deemed under the SFO interested in the Shares held by the management shareholders (the "Management Shareholders"), namely, Zenergy Investment, SINOGY VC, Nanjing Miaode, Nanjing Xuande, Zhengli No. 1, and Zhengli No. 2. For more details of Shares held by the Management Shareholders, please refer to pages 38 to 40 in this report.

DIRECTORS' REPORT

Save as disclosed above, as at 31 December 2025, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in the Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), (i) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under those provisions); (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code (for this purpose, the relevant provisions of the SFO will be interpreted as if they were applicable to the Supervisors).

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

To the best of the knowledge of the Company and the Directors, the following are the persons, other than the Directors, Supervisors or chief executives of the Company, who had interests or short positions in the Shares and underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO as at 31 December 2025.

Name of Shareholder	Nature of interest	Class of Shares ⁽¹⁾	Number of Shares	Percentage of shareholding in Unlisted Shares/ H Shares ⁽²⁾	Percentage of shareholding in total share capital ⁽²⁾
Zenergy Investment ⁽³⁾	Beneficial interest	Unlisted Shares (L)	322,483,380	30.16%	12.62%
		H Shares (L)	138,207,163	9.31%	5.41%
SINOGY VC ⁽³⁾	Beneficial interest	Unlisted Shares (L)	271,362,931	25.38%	10.62%
		H Shares (L)	110,682,345	7.45%	4.33%
Zhengli Consulting ⁽³⁾	Interest in controlled corporations	Unlisted Shares (L)	3,621,006	0.34%	0.14%
		H Shares (L)	289,194,833	19.47%	11.32%
Nanjing Miaode ⁽³⁾	Beneficial interest	H Shares (L)	237,152,124	15.97%	9.28%
Fujian Financial Investment Co., Ltd. (福建省金融投資有限責任公司) ⁽⁴⁾	Interest in a controlled corporation	Unlisted Shares (L)	137,144,662	12.83%	5.37%
		H Shares (L)	136,935,158	9.22%	5.36%
Huafu Securities Co., Ltd. (華福證券有限責任公司) ⁽⁴⁾	Interest in a controlled corporation	Unlisted Shares (L)	137,144,662	12.83%	5.37%
		H Shares (L)	136,935,158	9.22%	5.36%
Huafu Growth Investment Co., Ltd. (華福成長投資有限公司) ("Huafu Investment") ⁽⁴⁾	Beneficial interest	Unlisted Shares (L)	137,144,662	12.83%	5.37%
		H Shares (L)	28,544,347	1.92%	1.12%
	Interest in a controlled corporation	H Shares (L)	108,390,811	7.30%	4.24%
Lin Yongzhong (林永忠) ⁽⁴⁾	Interest in a controlled corporation	H Shares (L)	108,390,811	7.30%	4.24%

DIRECTORS' REPORT

Name of Shareholder	Nature of interest	Class of Shares ⁽¹⁾	Number of Shares	Percentage of shareholding in Unlisted Shares/ H Shares ⁽²⁾	Percentage of shareholding in total share capital ⁽²⁾
Zhongjin (Fujian) Venture Capital Co., Ltd. (中金(福建)創業投資有限責任公司) ⁽⁴⁾	Interest in a controlled corporation	H Shares (L)	108,390,811	7.30%	4.24%
Ningbo Meishan Free Trade Port Xingsi Shenglian Investment Partnership (L.P.) (寧波梅山保稅港區興思勝聯投資合夥企業(有限合夥)) ("Xingsi Shenglian") ⁽⁴⁾	Beneficial interest	H Shares (L)	108,390,811	7.30%	4.24%
Changshu Hi-Tech Holding Co., Ltd. (常熟市高新控股有限公司) ⁽⁵⁾	Interest in a controlled corporation	Unlisted Shares (L)	151,680,247	14.19%	5.94%
		H Shares (L)	109,512,397	7.37%	4.29%
Changshu Southeast Investment Holding Co., Ltd. (常熟市東南投資控股有限公司) ("Southeast Investment Holding") ⁽⁵⁾	Beneficial interest Interest in a controlled corporation	Unlisted Shares (L)	78,624,750	7.35%	3.08%
		Unlisted Shares (L)	73,055,497	6.83%	2.86%
		H Shares (L)	109,512,397	7.37%	4.29%
Changshu Southeast Industrial Investment Co., Ltd. (常熟東南產業投資有限公司) ("Southeast Investment") ⁽⁵⁾	Beneficial interest	Unlisted Shares (L)	59,951,372	5.61%	2.35%
		H Shares (L)	59,951,372	4.04%	2.35%
	Interest in a controlled corporation	Unlisted Shares (L)	13,104,125	1.23%	0.51%
		H Shares (L)	13,104,125	0.88%	0.51%
Wang Zhengdong (王正東) ⁽⁵⁾	Interest in a controlled corporation	H Shares (L)	103,397,862	6.96%	4.05%
Shanghai Royalsea Capital Management Ltd. (上海正海資產管理有限公司) ⁽⁵⁾	Interest in controlled corporations	H Shares (L)	103,397,862	6.96%	4.05%
Wuxi Zhenghai Jinxi Venture Capital Partnership (L.P.) (無錫正海錦璽創業投資合夥企業(有限合夥)) ("Wuxi Zhenghai") ⁽⁵⁾	Beneficial interest	H Shares (L)	90,293,737	6.08%	3.53%

DIRECTORS' REPORT

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) The calculation is based on the total number of 1,069,127,364 Unlisted Shares and 1,485,293,739 H Shares in issue as at 31 December 2025.
- (3) Please refer to Note 3 on page 37 in this report.
- (4) The general partner of Xingsi Shenglian is Zhongjin (Fujian) Venture Capital Co., Ltd. (中金(福建)創業投資有限責任公司), which is held as to 80% by Lin Yongzhong (林永忠). Xingsi Shenglian is also held as to 99.9990% by Huaifu Investment as its limited partner. Huaifu Investment is a wholly-owned subsidiary of Huaifu Securities Co., Ltd. (華福證券有限責任公司), which is in turn held as to 46.72% by Fujian Financial Investment Co., Ltd. (福建省金融投資有限責任公司). Fujian Financial Investment Co., Ltd. is wholly owned by the Fujian Provincial Department of Finance (福建省財政廳). Therefore, by virtue of the SFO, each of Zhongjin (Fujian) Venture Capital Co., Ltd. and Lin Yongzhong is deemed to be interested in the Shares held by Xingsi Shenglian, and each of Huaifu Securities Co., Ltd. and Fujian Financial Investment Co., Ltd. is deemed to be interested in the Shares held by Huaifu Investment and Xingsi Shenglian.
- (5) Southeast Investment holds 99.01% of Southeast Xinneng as its limited partner. Southeast Investment is held as to 99.96% by Southeast Investment Holding, which is a wholly-owned subsidiary of Changshu Hi-Tech Holding Co., Ltd. (常熟市高新控股有限公司), which is in turn wholly owned by the Changshu Finance Bureau (State-owned Assets Supervision and Administration Office of Changshu Municipal Government) (常熟市財政局(常熟市政府國有資產監督管理辦公室)). Therefore, by virtue of the SFO: (i) Southeast Investment is deemed to be interested in the Shares held by Southeast Xinneng; (ii) Southeast Investment Holding is deemed to be interested in the Shares held by Southeast Xinneng and Southeast Investment; and (iii) Changshu Hi-Tech Holding Co., Ltd. is deemed to be interested in the Shares held by Southeast Xinneng, Southeast Investment and Southeast Investment Holding.

Save as disclosed above and to the best knowledge of our Directors, as at 31 December 2025, no other persons (other than the Directors, Supervisors and chief executives of the Company) had any interests or short positions in the Shares or underlying Shares of the Company which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the year ended 31 December 2025 was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors or Supervisors 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 spouse or children under the age of 18 had any right to subscribe for the interests or debentures of the Company or any other body corporate or had exercised any such right.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2025, none of the Directors or their respective associates had an interest in any business which competes, or is likely to compete, either directly or indirectly, with the business of the Group which would require disclosure under Rule 8.10 of the Listing Rules.

From time to time our non-executive Directors may serve on the boards of both private and public companies within the broader information technology and software industries. However, as these non-executive Directors are not members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which these Directors may hold directorships from time to time.

DIRECTORS' REPORT

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the Group's related party transactions during the Reporting Period are set out in Note 36 to the consolidated financial statements contained in this report. For the year ended 31 December 2025, there was no related party transaction or continuing related party transaction set out in Note 36 to the consolidated financial statements which constitutes disclosable connected transaction or disclosable continuing connected transaction under the Listing Rules. In respect of the connected transactions and the continuing connected transactions, the Company has complied with the disclosure requirements under the Listing Rules in force from time to time.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as otherwise disclosed in this report, during the Relevant Period, none of the Directors/Supervisors or entities connected with the Directors/Supervisors had an interest, 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.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as otherwise disclosed in this report, no contract of significance (including for the provision of services) has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries during the year ended 31 December 2025.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the year ended 31 December 2025 and up to the date of this report between the Company and a person other than a Director or any person engaged in the full-time employment of the Company.

DIRECTORS' PERMITTED INDEMNITY PROVISION

During the Relevant Period and up to the date of this report, the Company had appropriate liability insurance in place for its Directors.

STAFF, REMUNERATION POLICY AND DIRECTORS' REMUNERATION

As at 31 December 2025, we had 6,684 employees (as at 31 December 2024: 4,033 employees). For the year ended 31 December 2025, the Group's total staff costs amounted to approximately RMB940,259 thousand, including salaries, wages, bonuses, pension costs, other social security costs, other employee benefits and share-based compensation. The Group continued to optimize the incentive-based system in line with business development needs and implemented remuneration policies with competitiveness.

During the year ended 31 December 2025, our Directors received compensation in the form of, amongst others, fees, salaries, allowances, bonuses, pension costs and share-based compensation. We determine the compensation of our Directors based on each Director's responsibilities, qualification, position and seniority.

DIRECTORS' REPORT

The emolument of executive Directors, non-executive Director, independent non-executive Directors and senior management of the Group were recommended by the Remuneration and Evaluation Committee and approved by the Board. Details of the remuneration of the Directors and the five highest paid individuals during the Reporting Period are set out in Notes 8 and 9 to the consolidated financial statements.

During the Reporting Period, (i) no emoluments were paid by the Group to any Directors, former directors of the Company or five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office; (ii) none of the Directors waived or agreed to waive any remuneration; (iii) save as disclosed in this report, there were no loans, quasi-loans and other dealings in favor of Directors, their controlled bodies corporate and connected entities; and (iv) no consideration provided to or receivable by third parties for making available Directors' services.

PENSION SCHEMES

The employees of the Group are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

During the Reporting Period, (i) there were no contributions forfeited by the Group on behalf of its employees who leave the scheme prior to vesting fully in such contribution, (ii) there had been no utilization of such forfeited contributions to reduce future contributions, and (iii) no forfeited contributions had been used by the Group to reduce the existing level of contributions.

PRE-IPO EQUITY INCENTIVE PLANS

In recognition of the contributions of our employees and to incentivize them to further promote our development, we adopted (i) the share option plan (the "**Share Option Plan**") approved on 20 January 2023 and effective from 31 December 2021, as amended from time to time, with Nanjing Xuande, Nanjing Mude, Nanjing Chengde, Nanjing Gande and Nanjing Yinde as the Equity Incentive Platforms; and (ii) the share incentive plan (the "**Share Incentive Plan**", together with the Share Option Plan, "**Pre-IPO Equity Incentive Plans**") on 24 February 2022, as amended from time to time, with Zhengli No. 1, Zhengli No. 2, Zhengli No. 3, Zhengli No. 4, Zhengli No. 5, Zhengli No. 6, Zhengli No. 7, Zhengli No. 8 and Zhengli No. 9 as the Equity Incentive Platforms.

The terms of the Pre-IPO Equity Incentive Plans are not subject to the provisions of Chapter 17 of the Listing Rules as each of the Pre-IPO Equity Incentive Plans does not involve the grant of new options or awards by our Company after the Listing. The Pre-IPO Equity Incentive Plans will not cause any dilution of the shareholding of our Shareholders after the Listing given all underlying Shares of the options and awards granted under the Pre-IPO Equity Incentive Plans have been issued to the Equity Incentive Platforms.

For further details on the Share Option Plan and the Share Incentive Plan, as well as the structure of our Equity Incentive Platforms, please refer to "Statutory and General Information – Pre-IPO Equity Incentive Plans" in the Prospectus.

EQUITY-LINKED AGREEMENT

Save as disclosed in the section headed "Pre-IPO Equity Incentive Plans" above, there was no equity-linked agreement subsisting or entered into by the Company during the year ended 31 December 2025.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2025, the respective percentage of purchases attributable to the Group's largest supplier and five largest suppliers in aggregate was 14.0% and 40.8% and the respective percentage of the total sales attributable to the Group's largest customer and five largest customers in aggregate was 29.0% and 87.3%, respectively.

DIRECTORS' REPORT

To the reasonable knowledge of the Directors, none of our Directors or any of their close associates or any Shareholder (which to the best knowledge of our Directors owned more than 5% of the Company's issued share capital (excluding treasury shares) of the Company) had any interest in any of our five largest suppliers or customers during the year ended 31 December 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

From the Listing Date to 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities (including the sale of treasury shares) of the Company. As at 31 December 2025, the Company did not hold any treasury shares.

ISSUE OF H SHARES

In response to the combined effect of robust growth in NEV market demand, intensive competition in R&D of cutting-edge technologies and rapidly evolving market landscape, on 17 October 2025 (before trading hours), the Company and the Sole Placing Agent entered into the Placing Agreement, pursuant to which, on 24 October 2025, an aggregate of 45,921,000 new H Shares were successfully placed by the Sole Placing Agent to not less than six Placees at the Placing Price of HK\$10.98 per Placing Share, with the aggregate nominal value of RMB45,921,000 and the net issue price of approximately HK\$10.90 per Placing Share (after deducting related costs and expenses to be borne by the Company). The closing price of per H Share as quoted on the Stock Exchange on 17 October 2025, being the date on which the terms of Placing Agreement were fixed, was HK\$10.96 per H Share.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placees and their respective ultimate beneficial owners are independent third parties, and none of the Placees have become a substantial shareholder of the Company upon completion of the Placing.

For more details, please refer to the section headed "Use of Proceeds from the Placing" in this annual report and the announcements of the Company dated 17 October 2025 and 24 October 2025.

CHARITABLE CONTRIBUTIONS

During the year ended 31 December 2025, the Group made a charitable contribution of approximately RMB0.15 million.

CONTINUING DISCLOSURE OBLIGATIONS UNDER THE LISTING RULES

The Company did not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. During the year ended 31 December 2025, the Board is of the opinion that the Company has complied with all the code provisions set out in the CG Code.

Details of the corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 45 to 60 of this report.

DIRECTORS' REPORT

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2025 have been audited by Ernst & Young, who will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting of the Company. There has been no change in the auditor of the Company since the Listing Date.

By order of the Board
Jiangsu Zenergy Battery Technologies Group Co., Ltd.
Ms. Cao Fang
Chairperson of the Board and Executive Director

Changshu, the PRC, 30 March 2026

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2025.

CORPORATE PURPOSE, CULTURE AND STRATEGY

The Company's vision is to 「be joining forces to build a zero-carbon society of positivity and kindness」, and we firmly believe that the Company is moving forward towards this goal. The management team has put our corporate culture into practice by working harder and more diligently to deliver excellent performance.

The Board consistently ensures that all members of the Group are guided by our purpose and strategy, align the corporate culture in their daily work, and work together as one to promote quality development led by an advanced culture. The Group's operating practices, internal policies and stakeholder relationships give us the opportunity to actively practice our corporate culture and values in a multi-dimensional and holistic manner, which may create stable and sustainable business development and growth and bring long-term value to shareholders. The Company will develop cutting-edge technologies for ground, marine and aerospace, to build a sustainable future for world energy.

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of maintaining and promoting sound corporate governance. The principles of the Company's corporate governance are to promote effective internal control measures, to ensure that its business and operations are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to the Company and its Shareholders. The Company has adopted the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance since the Listing Date.

The Board is of the view that the Company has complied with the applicable code provisions of the CG Code throughout the period from the Listing Date to 31 December 2025.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has developed the Management System for Directors, Supervisors, Senior Management and Employees to Hold and Trade the Company's Shares (the "Company Code") for securities transactions by the Directors, Supervisors, senior management and relevant employees who are likely to be in possession of unpublished inside information of the Company on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules. Following specific enquiry by the Company, all Directors and Supervisors have confirmed they have complied with the Company Code and, therefore, with the Model Code throughout the period from the Listing Date to 31 December 2025.

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and is collectively responsible for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balance composition of executive Directors, non-executive Director and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

CORPORATE GOVERNANCE REPORT

Board Composition

The Board currently comprises seven Directors, consisting of three executive Directors, one non-executive Director and three independent non-executive Directors.

Executive Directors

Ms. Cao Fang (*Chairperson of the Board*)

Mr. Chen Jicheng

Mr. Yu Zhexun

Non-executive Director

Mr. Zhang Li

Independent Non-executive Directors

Mr. Xu Zhiming

Mr. Gong Zhengliang

Ms. Xiao Min

Each of our Directors has confirmed that he/she obtained the legal advice referred to in Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to him/her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange in July 2024, and he/she has confirmed he/she understood his/her obligations as a director of a listed issuer.

The biographical details of the Directors are set out in the section headed “Directors, Supervisors and Senior Management – Directors” of this report. Save as disclosed in this report, to the best knowledge of the Board, there is no other financial, business, family, or other material/relevant relationships among members of the Board.

Board Meetings and General Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of no less than fourteen days are given 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

As the H Shares of the Company have been listed on the Stock Exchange since 14 April 2025, the attendance records of each Director at the Board meetings and general meeting of the Company, whether in person or by means of electronic communication, for the Relevant Period are set out below:

Name of Director	Attendance/ Number of Board Meeting	Attendance/ Number of General Meeting
Executive Directors		
Ms. Cao Fang (<i>Chairperson of the Board</i>)	4/4	1/1
Mr. Chen Jicheng	4/4	1/1
Mr. Yu Zhexun	4/4	1/1
Non-executive Director		
Mr. Zhang Li	4/4	1/1
Independent Non-executive Directors		
Mr. Xu Zhiming	4/4	1/1
Mr. Gong Zhengliang	4/4	1/1
Ms. Xiao Min	4/4	1/1

At the Board meetings held during the Relevant Period, the Board discussed a wide range of matters, including the Company's financial and operational performances, approval on interim results of the Company, the Placing and application for credit facilities from banks, business prospects and other significant matters.

From the Listing Date to the date of this report, the Chairperson of the Board held one meeting with independent non-executive Directors without the presence of other Directors.

On 27 June 2025, the Company held its annual general meeting. All the proposed resolutions to the annual general meeting were taken by poll and the poll results were set out in the Company's announcement dated 27 June 2025. The Chairperson as well as other members of the Board were available to respond to enquiries during the annual general meeting, which provided opportunities for communication between Directors, senior management and the Shareholders.

Chairperson and Chief Executive Officer

The roles of the Chairperson and Chief Executive Officer of the Company are held by Ms. Cao and Mr. Chen, respectively, who are both co-founders of the Group. The Chairperson provides overall strategic planning and business direction of the Group and management of the Company. The Chief Executive Officer focuses on the Board's work related to the operation and management of the Company. Their respective responsibilities are clearly defined and set out in writing.

CORPORATE GOVERNANCE REPORT

Independent Non-executive Directors

From the Listing Date to the date of this report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company recognizes the importance of board independence to corporate governance. In particular, the following mechanisms are in place in order to ensure that there is a strong independent element on the Board which is key to the Board's effectiveness: In assessing whether a potential candidate is qualified to become an independent director of the Company, the Nomination Committee and the Board will consider, among others, whether the candidate is able to devote sufficient time on performing his/her duties as an independent director of the Company, and the background and qualification of the candidate, in order to assess whether such candidates are able to bring independent views to the Board. In considering whether an independent director should be proposed for re-election, the Nomination Committee and the Board will assess and evaluate the independent director's contribution to the Board during the term, in particular, whether the independent director was able to bring independent views to the Board.

The Company will ensure that there are channels (in addition to independent directors) where independent views are available, including but not limited to availability of access by directors of the Company to external independent professional advice to assist their performance of duties. The Company has implementable and effective mechanisms to ensure independent views and input are available to the Board during the Relevant Period and up to the date of this report.

The Company has received an annual confirmation of independence under Rule 3.13 of the Listing Rules from each of independent non-executive Directors and considers each of the independent non-executive Directors to be independent and meet the independence guidelines as set out in Rule 3.13 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

Appointment and Re-election of Directors

Under the Articles of Association of the Company, the Directors shall be elected or replaced at Shareholders' meeting, and may be removed from office by ordinary resolution made at the Shareholders' meeting before expiration of their tenure, subject to compliance with applicable laws, administrative regulations, departmental rules, normative documents and the Listing Rules (without prejudice to the Directors' claim for compensation available under any contract). The tenure of a Director shall be three years commencing from the date of appointment. Upon the expiration of his/her tenure, a Director may be re-elected and serve consecutive terms.

The Company has entered into a service contract or a letter of appointment with each of the Directors in respect of, among other things, compliance with the relevant laws and regulations and the Articles of Association.

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

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company, and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Company's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Director 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. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and 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.

CORPORATE GOVERNANCE REPORT

The Board reserves its discretion on all major matters including 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 Directors and other significant operational matters of the Company.

The Board is responsible for and in possession of the general powers for our business management and operation, including determining our operating plans and investment schemes, implementing resolution(s) passed at the general meeting, and exercising other powers, functions and duties granted by the Articles of Association. The Board is also responsible for exercising other powers, functions and duties pursuant to the Articles of Association and all applicable laws and regulations, including the Listing Rules.

Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the senior management of the Company. The senior management administers, interprets, enforces, supervises compliance with the internal policies and operational procedures and conducts regular reviews on such policies and procedures across different levels of the Company. The senior management communicates with the Board on a regular basis.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

The Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a 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 a Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by regular meetings with senior management of the Company to understand the Company's businesses, governance policies and regulatory environment.

The Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the Relevant Period, the Directors are continually provided with information relating to the developments in the legal and regulatory regime and the business and market environments to facilitate the execution of their responsibilities. Continuing briefings and professional development for the Directors were arranged by the Company and its professional advisers. According to the records kept by the Company, during the Relevant Period, each of the Directors, namely Ms. Cao Fang, Mr. Chen Jicheng, Mr. Yu Zhexun, Mr. Zhang Li, Mr. Xu Zhiming, Mr. Gong Zhengliang, and Ms. Xiao Min attended trainings that are relevant to the Director's professional knowledge and skills and in performing their duties and responsibilities as Directors.

CORPORATE GOVERNANCE REPORT

The training records of the Directors during the Relevant Period are summarized as follows:

Directors	Participated in continuous professional development ^{Note}
<i>Executive Directors</i>	
Ms. Cao Fang	✓
Mr. Chen Jicheng	✓
Mr. Yu Zhexun	✓
<i>Non-executive Director</i>	
Mr. Zhang Li	✓
<i>Independent Non-executive Directors</i>	
Mr. Xu Zhiming	✓
Mr. Gong Zhengliang	✓
Ms. Xiao Min	✓

Note: Attended training/seminar/conference arranged by the Company or other external parties or read materials in relation to updates and changes in regulatory requirements, business and market environment

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration and Evaluation Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authorities and duties, and are provided with sufficient resources to discharge their duties. The terms of reference of the Audit Committee, the Remuneration and Evaluation Committee and the Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The list of the chairperson and members of each Board committee is set out under the section headed "Corporate Information" of this annual report.

Audit Committee

The Audit Committee consists of three members, including two independent non-executive Directors, namely Mr. Gong Zhengliang and Ms. Xiao Min, and one non-executive Director, namely Mr. Zhang Li. Mr. Gong Zhengliang, being the chairperson of the Audit Committee, holds the appropriate professional qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The terms of reference of the Audit Committee are in compliance with Rule 3.21 of the Listing Rules, paragraph C.4 and paragraph D.3 of Part 2 of the CG Code. The primary duties of the Audit Committee include, but not limited to, (i) proposing the appointment or change of external auditors to our Board, and monitoring the independence of external auditors and evaluating their performance; (ii) guiding internal audit work; (iii) examining the financial information of our Company, reviewing financial reports and statements of our Company and giving comments on relevant matters; (iv) assessing the effectiveness of internal control; (v) coordinating the communication among management, internal audit department, related departments and external audit agency; and (vi) dealing with other matters that are authorized by the Board or involved in relevant laws and regulations.

CORPORATE GOVERNANCE REPORT

During the Relevant Period, the Audit Committee held two meetings to consider the re-appointment of the accounting firm as the annual auditor, discuss matters relating to financial reporting and submit the same to the Board for consideration.

The attendance records of the Audit Committee Meetings are set out below:

Name of Audit Committee Member	Attendance/Number of Meetings
Mr. Gong Zhengliang	2/2
Ms. Xiao Min	2/2
Mr. Zhang Li	2/2

The Company's annual results for the year ended 31 December 2025 have been reviewed by the Audit Committee on 30 March 2026. The Audit Committee considers that the annual financial results for the year ended 31 December 2025 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Remuneration and Evaluation Committee

The Remuneration and Evaluation Committee consists of five members, including two executive Directors, namely Ms. Cao Fang and Mr. Chen Jicheng, and three independent non-executive Directors, namely Mr. Xu Zhiming, Mr. Gong Zhengliang and Ms. Xiao Min. Mr. Xu Zhiming serves as the chairperson of the Remuneration and Evaluation Committee.

The terms of reference of the Remuneration and Evaluation Committee are in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of Part 2 of the CG Code. The primary duties of the Remuneration and Evaluation Committee include, but not limited to, (i) formulating individual remuneration plans for Directors and members of the senior management in accordance with the terms of reference of the job responsibilities, the importance of their positions as well as the remuneration benchmarks for the relevant positions in other comparable companies; (ii) examining the criteria of performance evaluation of Directors and the senior management of our Company, and conducting annual performance evaluation; (iii) supervising the implementation of the remuneration plan of the Company; (iv) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and (v) dealing with other matters that are authorized by the Board.

During the Relevant Period, the Remuneration and Evaluation Committee held one meeting to determine the remuneration packages of the Directors.

CORPORATE GOVERNANCE REPORT

The attendance records of the Remuneration and Evaluation Committee Meetings are set out below:

Name of Remuneration and Evaluation Committee Member	Attendance/Number of Meetings
Mr. Xu Zhiming	1/1
Ms. Cao Fang	1/1
Mr. Chen Jicheng	1/1
Mr. Gong Zhengliang	1/1
Ms. Xiao Min	1/1

The remuneration payable to the senior management members (other than the Directors) for the year ended 31 December 2025 is shown in the following table by band:

Annual Remuneration	Number of individual(s)
	2025
HK\$2,500,001 to HK\$3,000,000	1
HK\$8,000,001 to HK\$8,500,000	1
Total	2

Further details of the remuneration payable to the Directors and the five highest paid individuals for the year ended 31 December 2025 are set out in Note 8 and Note 9 to the consolidated financial statements in this annual report.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The Directors, Supervisors and senior management who receive remuneration from the Company are remunerated in the form of fees, salaries, allowances, bonuses, pension costs and share-based compensation, among others. The remuneration packages of the Directors, Supervisors and senior management are also determined in accordance with the principles of market orientation, performance orientation and a balanced emphasis on incentives and restraints, taking the previous year's total payroll as the basis and comprehensively considering factors such as the Company's operating results, individual performance of duties, prevailing industry remuneration levels and the Company's future development plans.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Nomination Committee consists of five members, including two executive Directors, namely Ms. Cao Fang and Mr. Chen Jicheng, and three independent non-executive Directors, namely Mr. Xu Zhiming, Mr. Gong Zhengliang and Ms. Xiao Min. Ms. Cao Fang serves as the chairperson of the Nomination Committee.

The terms of reference of the Nomination Committee are in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of Part 2 of the CG Code. The primary duties of the Nomination Committee include, but not limited to, (i) making recommendations to our Board with regards to the size and composition of our Board based on our Company's business operation, asset scale and equity structure; (ii) researching and developing standards and procedures for the election of our Board members, general managers and members of the senior management, and making recommendations to our Board; (iii) conducting extensive search and providing to our Board suitable candidates for Directors, general managers and other members of the senior management; (iv) examining our Board candidates, general manager and members of the senior management and making recommendations to our Board; (v) assessing and reviewing the independence of independent non-executive Directors; and (vi) dealing with other matters that are authorized by our Board.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning board diversity as set out in the Company's board diversity policy (the "**Board Diversity Policy**"). The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Company's director nomination policy (the "**Director Nomination Policy**") that are necessary to complement the corporate strategy and achieve board diversity, where appropriate, before making recommendation to the Board.

Where vacancies on the Board arise, the Nomination Committee will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations.

As the Company was listed on the Stock Exchange on 14 April 2025, no meetings of the Nomination Committee were held during the Relevant Period.

CORPORATE GOVERNANCE REPORT

Board Diversity Policy

The Company strives to promote diversity to the extent practicable by taking into consideration a number of factors in its corporate governance structure.

It has adopted the Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of the Board in order to enhance the effectiveness of the Board. Pursuant to the board diversity policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, race, cultural background, educational background, industry experience and professional experience.

The Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of business administration, material physics and chemistry, accounting and etc. The three independent non-executive Directors have different industry backgrounds, with solid experiences in the fields of finance and accounting, investment and corporate governance and battery related research, representing more than one-third of the members of the Board. The Board Diversity Policy is well implemented as evidenced by the fact that there are Directors ranging from 43 years old to 67 years old and comprises two female Directors and five male Directors. As at 31 December 2025, we also have witnessed a balanced gender ratio in the overall workforce (including senior management), with a male to female ratio of approximately 3:1. Pursuant to the Board Diversity Policy, the Company aims to maintain at least 10% female representation in the Board and the current composition of the Board satisfies this target gender ratio. The Company will implement policies to ensure gender diversity when recruiting staff to develop a pipeline of female senior management and potential successors to the Board. The Company will strive to enhance its female representation and achieve appropriate balance of gender diversity with reference to the stakeholders' expectation and international and local recommended best practices. Furthermore, the Company will implement comprehensive programs aimed at identifying and training its female staff who display leadership and potential, with the goal of promoting them to the senior management or the Board.

The Nomination Committee is responsible for reviewing and ensuring the diversity of the Board. Based on the biographical details of the Directors and following the review and recommendation of the Nomination Committee, the Board was of the view that the Board has achieved diversity in terms of gender, age and skill, knowledge and professional experience, and considers that the Board Diversity Policy is effective and in compliance with the requirements of the Listing Rules. It is currently not required to set any measurable objectives for implementing the said policy.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee.

The Company has the Director Nomination Policy which sets out the selection criteria and nomination process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to (i) reputation for integrity; (ii) educational background, professional qualifications, and work experience (including part-time positions); (iii) possession of the appropriate skills and relevant experience required for the role; (iv) commitment in respect of available time and relevant interest; and (v) diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; and (vi) independence of candidates for independent non-executive Directors subject to Rule 3.13 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings of the Company. The Nomination Committee will review the Director Nomination Policy, from time to time and as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for determining the corporate governance policy of the Company performing the functions set out in code provision A.2.1 of Part 2 of the CG Code.

During the Relevant Period, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the Company's compliance with the CG Code, the Company's code of conduct applicable to its employees and Directors, and disclosure in its Corporate Governance Report during the Relevant Period.

RISK MANAGEMENT AND INTERNAL CONTROLS

Governance Structure of Risk Management and Internal Control

The Board has confirmed its responsibility for the risk management and internal control systems and is responsible for reviewing the effectiveness of such systems. Such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Audit Committee assists the Board in leading the risk management function and oversees the design, implementation and monitoring of the risk management and internal control systems.

Risk Management

Risk identification: the Company requires each department to proactively identify the risks it faces, including market risks, operational risks and financial risks, as well as various internal and external factors affecting the occurrence of such risks.

Risk response: the Board, the internal audit team and the legal team of the Company work together to formulate basic risk response strategies, and external professional advisers will be engaged to provide assistance where necessary.

Internal Control

The Company has established an internal control system to ensure that it is able to achieve the objectives of operational effectiveness and efficiency, reliability of financial statements and compliance with applicable laws and regulations. Internal control comprises five components, namely the control environment, risk assessment, control activities, information and communication, and internal supervision. It covers multiple business processes, including human resources, asset management, procurement management, information systems and internal audit.

Under the leadership of the Audit Committee, the Company has established a dedicated internal audit department to continuously monitor the Company's risk management and internal control systems. As at the end of the Reporting Period, all members of the Company's internal control management team had extensive experience in internal control-related work.

The Company adopts a zero-tolerance policy towards bribery, corruption, extortion and fraud. The Company has adopted internal procedures containing relevant requirements relating to confidentiality, integrity in professional conduct and conflicts of interest, as well as guidance on other codes of conduct. The Company has also designated responsible departments to monitor compliance with the aforesaid internal procedures.

CORPORATE GOVERNANCE REPORT

The management has reported to the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2025.

The Internal Audit Department is responsible for performing independent reviews of the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit Department examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, conducted an annual review of the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2025, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has also put in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the internal anti-corruption department, which is responsible for investigating the reported incidents and taking appropriate measures. During the year ended 31 December 2025, the Company held anti-corruption training and briefings to all employees and carried out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

Inside Information Policy

The Company has put in place an internal policy for the handling and disclosure of inside information in compliance with the SFO. The internal policy sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner and provides the Directors, senior management, and relevant employees of the Company a general guide in monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2025 which give a true and fair view of the affairs of the Company and the Group.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's consolidated financial statements, which are put to the Board for approval.

The Directors have prepared the financial statements in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

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 financial statements of the Company are prepared on a going concern basis, the Directors are of the view that they give a true and fair view of the financial position, performance and cash flow of the Group for the year ended 31 December 2025, and the disclosure of other financial information and report therein complies with relevant legal requirements.

A statement from the independent auditors of the Company about their reporting responsibilities for the consolidated financial statements is set out in the section headed "Independent Auditor's Report" in this report.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

The remuneration paid to the independent auditor of the Company, Ernst & Young, in respect of audit services and non-audit services for the year ended 31 December 2025 is set out below:

Service Category	Remuneration paid/payable RMB'000
Audit services relating to annual audit	3,100.0
Non-audit services	0
Total	3,100.0

JOINT COMPANY SECRETARIES

During the Relevant Period, Ms. Xu Jing and Ms. Ho Wing Nga are joint company secretaries of the Company. For the year ended 31 December 2025, each of Ms. Xu Jing and Ms. Ho Wing Nga has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Ms. Xu Jing is the primary corporate contact person at the Company of Ms. Ho Wing Nga. All Directors may have access to the advice and services of the joint company secretaries on corporate governance and routine Board matters.

SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting

Pursuant to Article 50 of the Articles of Association, shareholder(s) individually or jointly holding 10% or more of shares may request in writing to convene an extraordinary Shareholders' meeting to the Board, and specify the subject of the meeting. In accordance with applicable laws, administrative regulations, departmental rules, normative documents, the Listing Rules, the Articles of Association and the relevant rules of procedure for the meeting, the Board shall provide written feedback on whether to agree or disagree with the request to convene such extraordinary Shareholders' meeting within 10 days after receiving the request. In the event the Board agrees to convene an extraordinary Shareholders' meeting, the Board shall issue an extraordinary Shareholders' meeting notice within five days of making its resolutions, and any changes to the original request in such notice shall be agreed upon by the requesting Shareholder(s). In the event that the Board declines to convene an extraordinary Shareholders' meeting or fails to respond in writing within 10 days after receiving the request, Shareholder(s) individually or jointly holding 10% or more of shares may request in writing to convene an extraordinary Shareholders' meeting to the Supervisory Committee. In the event the Supervisory Committee agrees to convene an extraordinary Shareholders' meeting, the Supervisory Committee shall issue an extraordinary Shareholders' meeting notice within five days of receiving such request, and any changes to the original request in such notice shall be agreed upon by the requesting Shareholder(s). In the event that the Supervisory Committee fails to issue the notice within the time limit, it shall be deemed to fail to convene and chair a Shareholders' meeting, and then the Shareholder(s) individually or collectively holding 10% or more of shares for at least 90 consecutive days may convene and chair the meeting on its/their own.

CORPORATE GOVERNANCE REPORT

Putting Forward Proposals at Annual General Meetings

Pursuant to Article 55 of the Articles of Association of the Company, Shareholders individually or together holding 1% or more of the shares of the Company may put forward interim proposals 10 days before the Shareholders' meeting is held and submit the proposals to the convener of the meeting in writing. The convener shall issue a supplemental notice of the Shareholders' meeting within two days upon receiving such proposals and announce the content of such proposals, and shall incorporate the matters falling within the scope of duties of the Shareholders' meeting into the agenda of such meeting for consideration.

Putting Forward Enquiries to the Board

For putting forward any enquiry to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their proposals or enquiries as mentioned above to the following:

Address: No. 68 Xin'anjiang Road, Dongnan Community, Changshu, Jiangsu, China

Email: 3677@zenergy.cn

For the avoidance of doubt, Shareholders must deposit and 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.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

During the Relevant Period, the Company has held the annual general meeting on 27 June 2025. All proposed Shareholders' resolution put to the above general meetings were duly passed by way of poll. Please refer to the announcement of the Company dated 27 June 2025 for details.

CORPORATE GOVERNANCE REPORT

Shareholders' Communication Policy

The Company adopts a shareholders' communication policy to guarantee continuous and effective communication with the Shareholders by engaging with the Shareholders through various communication channels.

To enable shareholders and other stakeholders to exercise their rights in an informed manner based on a good understanding of the Group's operations, businesses and financial information, the Company adopted the shareholders' communication policy with the objective of ensuring equal, timely, effective, transparent, accurate and open communications with the shareholders of the Company. The policy also sets out a number of ways to ensure effective and efficient communication strategies with shareholders and other stakeholders are achieved, including but not limited to actionable corporate communications (in both English and Chinese, to facilitate shareholders' understanding), posting of relevant information on the corporate website, shareholders' meetings and Shareholders' enquiries.

During the Relevant Period, the Board has reviewed the implementation and confirmed effectiveness of the shareholders' communication policy, in particular, by ensuring that: (i) both English and Chinese version of any corporate communication that requires Shareholders' attention or any announcements relating to matters to be disclosed under the Listing Rules (including but not limited to those involving insider information, corporate actions and corporate transactions) were published in a timely manner; (ii) the Company's website, where information on the Company's announcements, reports, financial information and other information are available for public access, has been maintained as a communication platform with the Shareholders; (iii) the general meeting of the Company (where the Board and appropriate senior management of the Company are available to respond to enquiries) was held to provide an opportunity for communication between the Directors, senior management and the Shareholders; and (iv) written enquiries or requests sent by Shareholders to the Company's address or email are dealt with in an informative and timely manner.

Having considered the implementation and outcome of the shareholder communication channels of the Group and the practices of other listed companies, the Company confirmed its effectiveness during the period from the Listing Date and up to the date of this report.

CHANGE IN CONSTITUTIONAL DOCUMENTS

Reference is made to the announcement of the Company dated 24 October 2025, in relation to the amendments of the constitutional documents of the Company. Details of the amendments of the constitutional documents of the Company are set out in the announcement dated 24 October 2025. An up to date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

DIVIDEND POLICY

The Company has adopted a Dividend Policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared, subject to approval from the Board or Shareholders in accordance with the Articles of Associations and applicable laws.

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979 號
太古坊一座 27 樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the shareholders of Jiangsu Zenergy Battery Technologies Group Co., Ltd.

(Registered in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Jiangsu Zenergy Battery Technologies Group Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 67 to 149, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("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") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Revenue recognition</i>	
<p>The Group mainly manufactures and sells goods including power batteries and energy storage system products. During the year ended 31 December 2025, the Group's revenue from sales of goods amounted to RMB8,101 million.</p> <p>Revenue from sales of goods is recognised when the goods are delivered to the agreed delivery locations in accordance with the contracts and the customers confirm the acceptance (as the point of control transfer).</p> <p>We focused on this area as significant efforts were spent on auditing the revenue recognised from sales of goods due to the significance of the revenue amount, the large volume of revenue transactions from various customers during the year and revenue is one of the key performance indicator of the Group.</p> <p>Relevant disclosures are included in notes 2.4 and 5 to the consolidated financial statements.</p>	<p>The audit procedures performed in relation to the revenue recognition in our audit mainly included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the Group's revenue recognition process, evaluating and testing the design and implementation effectiveness of management's key controls over revenue recognition; • Evaluating the appropriateness of accounting policies of revenue recognition by inspecting sales contracts and interviewing management to understand the key terms or conditions of contracts; • Implementing analytical procedures for revenue and gross profit margin by product and customer, identifying whether there were significant or unexpected fluctuations, and analysing the business reasons; • Checking the supporting documents related to revenue recognition on a sample basis; • Performing confirmation procedures on a sample basis for the trade receivables balances as at the balance sheet date, and conducting alternative test on samples without reply; • Performing cut-off test on the revenue recognised before and after the balance sheet date, and checking the supporting documents to evaluate whether the revenue was recognised in the appropriate period; and • Checking information related to revenue in the notes to the consolidated financial statements was appropriately disclosed.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Provision for inventories</i>	
<p>As at 31 December 2025, the Group's inventories amounted to approximately RMB1,227 million and the provision for inventories amounted to approximately RMB21 million.</p> <p>Inventories are stated at the lower of cost and net realisable value. Management reviews the net realisable values of inventories at the end of the reporting period based on the estimated selling prices less the estimated costs of completion and the estimated selling expenses to determine the provision for inventories.</p> <p>Since the assessment of net realisable value involves significant estimation uncertainty, and in view of the significance of the amount, the provision for inventories was considered a key audit matter.</p> <p>Relevant disclosures are included in notes 2.4, 3 and 18 to the consolidated financial statements.</p>	<p>The audit procedures performed in relation to the provision for inventories in our audit mainly included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the Group's provision for inventories assessment process, evaluating and testing the design and implementation effectiveness of management's key controls over the assessment of the provision for inventories; • Evaluating the reasonableness and appropriateness of the methods and assumptions used to calculate the net realisable values of inventories; • Testing, on a sample basis, the estimated selling price of inventories, and evaluating the reasonableness of the estimated costs of completion and selling expenses; • Observing the stocktaking to check whether the damaged, slow-moving and obsolete inventories were identified and considered in determining the provision for inventories; and • Checking information related to provision for inventories in the notes to the consolidated financial statements was appropriately disclosed.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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 directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

INDEPENDENT AUDITOR'S REPORT

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgement and maintain professional scepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ho Wai Ling (practising certificate number: P05274).

Certified Public Accountants

Hong Kong

30 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	8,100,969	5,130,317
Cost of sales		(6,609,559)	(4,381,873)
Gross profit		1,491,410	748,444
Other income and gains	5	72,305	78,738
Selling and marketing expenses		(32,401)	(35,769)
Administrative expenses		(352,072)	(301,459)
Research and development expenses	6	(520,257)	(556,165)
Impairment losses on financial assets and contract assets, net	6	917	(9,705)
Other expenses		(282,720)	(14,952)
Finance costs	7	(127,949)	(132,585)
Share of profits of joint ventures	16	359,892	302,496
PROFIT BEFORE TAX	6	609,125	79,043
Income tax credit	10	199,425	11,971
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		808,550	91,014
Profit attributable to:			
Owners of the parent		808,550	91,014
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	12	0.33	0.04

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	7,604,958	5,704,152
Right-of-use assets	14	505,749	226,422
Goodwill		1,277	1,277
Other intangible assets	15	354,166	423,079
Investments in joint ventures	16	3,510,598	3,467,173
Deferred tax assets		186,621	–
Prepayments, other receivables and other assets	21	87,584	39,812
Total non-current assets		12,250,953	9,861,915
CURRENT ASSETS			
Inventories	18	1,226,780	678,712
Trade and bills receivables	19	1,699,741	1,623,305
Bills receivables at fair value through other comprehensive income	20	342,986	92,936
Contract assets	22	2,201	5,144
Prepayments, other receivables and other assets	21	264,159	73,361
Financial assets at fair value through profit or loss	23	108,979	–
Restricted bank balances	24	973,490	957,804
Time deposits	24	103,722	101,982
Cash and cash equivalents	24	4,182,585	2,199,072
Total current assets		8,904,643	5,732,316
CURRENT LIABILITIES			
Trade and bills payables	25	5,014,434	3,742,586
Other payables and accruals	26	1,676,466	1,427,848
Contract liabilities	27	38,684	14,756
Interest-bearing bank and other borrowings	28	1,858,474	1,245,825
Lease liabilities	14	31,216	30,397
Tax payable		–	266
Provision	29	59,346	35,003
Total current liabilities		8,678,620	6,496,681
NET CURRENT ASSETS/(LIABILITIES)		226,023	(764,365)
TOTAL ASSETS LESS CURRENT LIABILITIES		12,476,976	9,097,550

continued/...

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	28	3,835,312	2,768,659
Lease liabilities	14	114,049	146,034
Provision	29	366,018	227,741
Deferred income		24,636	–
Deferred tax liabilities	17	45,190	57,994
Total non-current liabilities		4,385,205	3,200,428
Net assets		8,091,771	5,897,122
EQUITY			
Equity attributable to owners of the parent			
Share capital	30	2,554,421	2,386,976
Reserves	32	5,537,350	3,510,146
Total equity		8,091,771	5,897,122

Ms. Cao Fang
Director

Mr. Chen Jicheng
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

Year ended 31 December 2024

	Attributable to owners of the parent									
	Share capital	Paid-in capital	Capital reserve*	Other reserve*	Share-based payment		Merger reserve*	Special reserve*	Accumulated losses*	Total equity
					reserve*	reserve*				
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	Note 30	Note 30	Note 32	Note 32	Note 32	Note 32	Note 32	Note 32		
At 1 January 2024	–	2,255,935	5,321,173	11,392	164,165	1,713,687	2,323	(4,721,442)	4,747,233	
Profit and total comprehensive income for the year	–	–	–	–	–	–	–	91,014	91,014	
Conversion into a joint stock company	2,255,935	(2,255,935)	(2,254,839)	(6,679)	(191,511)	397,307	–	2,055,722	–	
Share-based payments	–	–	–	–	58,875	–	–	–	58,875	
Contribution from shareholders	131,041	–	868,959	–	–	–	–	–	1,000,000	
Safety fund appropriation to special reserve	–	–	–	–	–	–	812	(812)	–	
At 31 December 2024	2,386,976	–	3,935,293	4,713	31,529	2,110,994	3,135	(2,575,518)	5,897,122	

continued/...

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent									
	Share capital	Share-based			Other reserve*	Merger reserve*	Special reserve*	Reserve funds*	Accumulated losses*	Total equity
		Capital reserve*	payment reserve*							
		RMB'000	RMB'000	RMB'000						
Note 30	Note 32	Note 32	Note 32	Note 32	Note 32	Note 32	Note 32			
At 1 January 2025	2,386,976	3,935,293	31,529	4,713	2,110,994	3,135	-	(2,575,518)	5,897,122	
Profit and total comprehensive income for the year	-	-	-	-	-	-	-	808,550	808,550	
Share-based payments	-	-	31,675	-	-	-	-	-	31,675	
Issuance of ordinary shares relating to the initial public offering, net of underwriting commissions and other issuance costs	121,524	777,994	-	-	-	-	-	-	899,518	
Issuance of ordinary shares under general mandate, net of underwriting commissions and other issuance costs	45,921	408,985	-	-	-	-	-	-	454,906	
Safety fund appropriation to special reserve	-	-	-	-	-	1,441	-	(1,441)	-	
Transfer from retained profits	-	-	-	-	-	-	29,262	(29,262)	-	
At 31 December 2025	2,554,421	5,122,272	63,204	4,713	2,110,994	4,576	29,262	(1,797,671)	8,091,771	

* These reserve accounts comprise the consolidated reserves of RMB5,537,350,000 (2024: RMB3,510,146,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		609,125	79,043
Adjustments for:			
Depreciation of property, plant and equipment	13	636,647	497,298
Depreciation of right-of-use assets	14	40,570	32,902
Amortisation of other intangible assets	15	81,895	78,742
Share-based payment expenses	31	31,675	58,875
Share of profits of joint ventures	16	(359,892)	(302,496)
Impairment losses on financial assets and contract assets, net		(917)	9,705
Impairment losses on property, plant and equipment	13	235,776	–
Impairment losses on inventories	18	18,314	55,397
Finance costs	7	127,949	132,585
Interest income	5	(31,314)	(37,426)
Investment income and fair value gains on wealth management products	5	(592)	(205)
Losses on disposal of items of property, plant and equipment and other intangible assets	6	13,306	8,797
		1,402,542	613,217
Increase in inventories		(566,382)	(120,353)
Increase in restricted bank balances		(15,686)	(485,499)
Increase in time deposits with original maturity of more than three months to one year when acquired		(1,740)	(101,982)
Increase in trade and bills receivables		(72,046)	(485,056)
Increase in bills receivables at fair value through other comprehensive income		(250,050)	(92,936)
Decrease in contract assets		1,138	1,270
(Increase)/decrease in prepayments, other receivables and other assets		(699,493)	20,634
Increase/(decrease) in other payables and accruals		54,866	(30,518)
Increase in trade and bills payables		1,341,664	218,675
Increase/(decrease) in contract liabilities		23,928	(29,906)
Increase in deferred income		24,636	–
Increase in provision		162,620	93,956
		1,405,997	(398,498)
Interest received		31,314	37,426
Income tax paid		(266)	(70)
		1,437,045	(361,142)

continued/...

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from joint ventures		295,644	186,224
Proceeds from disposal of items of property, plant and equipment		2,275	3,528
Purchases of items of property, plant and equipment and right-of-use assets		(2,587,902)	(614,798)
Purchases of other intangible assets		(12,982)	(10,329)
Receipt of government grants for property, plant and equipment and right-of-use assets		110,910	6,010
Subscription of financial assets at fair value through profit or loss		(182,785)	–
Redemption of financial assets at fair value through profit or loss		74,398	205
Investment in a joint venture		–	(346,000)
Net cash flows used in investing activities		(2,300,442)	(775,160)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of listing expenses		(1,084)	(6,367)
Proceeds from issuance of ordinary shares relating to the initial public offering		903,258	–
Proceeds from issuance of ordinary shares under general mandate		454,906	1,000,000
Lease payments		(39,424)	(37,877)
New interest-bearing bank and other borrowings		2,915,061	1,369,057
Repayment of interest-bearing bank and other borrowings		(1,144,303)	(901,000)
Interest paid		(230,150)	(125,697)
Net cash flows from financing activities		2,858,264	1,298,116
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		2,199,072	2,034,279
Effect of foreign exchange rate changes, net		(11,354)	2,979
Cash and cash equivalents at end of year		4,182,585	2,199,072
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	5,259,797	3,258,858
Less: Time deposits with original maturity between three months to one year when acquired	24	103,722	101,982
Restricted bank balances	24	973,490	957,804
Cash and cash equivalents as stated in the consolidated statement of cash flows and statement of financial position		4,182,585	2,199,072

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

1. CORPORATE AND GROUP INFORMATION

The Company was registered in the People's Republic of China ("PRC") with limited liability on 26 February 2019 and was converted into a joint stock company on 17 July 2024. The registered office of the Company is located at No. 68 Xin'anjiang Road, Dongnan Community, Changshu, Jiangsu Province, PRC.

During the year, the Company and its subsidiaries were principally engaged in the development of a multi-pathway portfolio of market-driven and technology-fueled battery products.

As at 31 December 2025, the Company had direct interests in its subsidiaries, all of which are private limited liability companies, the particulars of the subsidiaries are set out below:

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place and date of registration and operations	Legal entity type	Registered/paid-in capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Suzhou ZENIO New Energy Technologies Co., Ltd. ("Suzhou ZENIO") 蘇州正力新能源科技有限公司	PRC/Chinese mainland/ 5 December 2016	Limited liability company	RMB150,000,000	100%	–	Research and development, production and sale of power batteries and energy storage products
Nanjing Zenergy Battery Technologies Co., Ltd. 南京正力新能電池技術有限公司	PRC/Chinese mainland/ 27 December 2021	Limited liability company	RMB2,300,000,000	100%	–	Research and development, production and sale of power batteries and energy storage products
Dongguan Zenergy Battery Technologies Co., Ltd. 東莞正力新能電池技術有限公司	PRC/Chinese mainland/ 27 December 2021	Limited liability company	RMB142,000,000	100%	–	Production and sale of power batteries and energy storage products
Suzhou Zenergy Battery Technologies Co., Ltd. 蘇州正力新能電池科技有限公司	PRC/Chinese mainland/ 22 May 2024	Limited liability company	RMB2,000,000,000	100%	–	Research and development, production and sale of power batteries and energy storage products
Changshu Xin Zhongyuan Technology Co., Ltd. 常熟新中源科技有限公司	PRC/Chinese mainland/ 3 March 2025	Limited liability company	RMB100,000,000	100%	–	Investment holding

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Accounting Standards (“IASs”) and interpretations) as issued by the International Accounting Standards Board (the “IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for bills receivables at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

In addition, the IASB has issued amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. They illustrate how entities report the effects of uncertainties in the financial statements by using climate-related scenarios related to impairment testing, credit risk, decommissioning and site restoration provisions, addressing topics such as materiality judgements, significant judgements and estimates, and aggregation and disaggregation. The Group have considered these examples, and the amendments to Illustrative Examples did not have any impact on the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

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

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

³ No mandatory effective date yet determined but available for adoption

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

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. Based on a preliminary assessment, the adoption of IFRS 18 is not expected to have any impact on the Group's results of operations and financial position but has impact on the presentation and disclosure of the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. IFRS 19 was amended in 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. Based on a preliminary assessment, IFRS 19 and its amendments are not expected to have any significant impact on the Group's financial statements.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

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

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

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

- *IFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in joint ventures

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

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

Business combinations and goodwill

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

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

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

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

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

or

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

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

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

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

Buildings		4.8%
Leasehold improvements	The shorter of remaining lease terms and estimated useful lives	
Vehicles		15.8% to 23.8%
Machinery		9.5% to 19.0%
Office equipment and electronic devices		19.0% to 31.7%

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill)

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

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 3 to 5 years, which is mainly determined by reference to the authorised period of the purchased software.

Trademarks and patents

Purchased trademarks and patents are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years, which is mainly determined by reference to the period during which such assets are expected to bring economic benefits to the Group.

Trademarks and patents are expected to have a useful life of 10 years. Useful lives frequently cannot be established objectively for trademarks and patents, thus the management of the Group set the useful lives based on the circumstances. To set the useful lives of trademarks and patents, the management consider, among other things, trends, forecasts and budgets, and the development of technologies. The management consider factors including validity period of patent protection, legal or regulator's limit on the maximum useful life, obsolescence, demand, competition or other economic factors, actions of competitors and others, which may restrict present competitive advantages. Considering the above factors, the management set the useful lives of trademarks and patents at 10 years.

Research and development costs

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

Leases

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

Group as a lessee

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(a) Right-of-use assets

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

Leasehold land	50 years
Plant and properties	1.2 to 10.2 years

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

(b) Lease liabilities

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)**2.4 MATERIAL ACCOUNTING POLICIES (continued)****Investments and other financial assets (continued)*****Initial recognition and measurement (continued)***

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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

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

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Derecognition of financial assets (continued)

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

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

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Inventories

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

Cash and cash equivalents

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Provisions

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

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

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

Income tax

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

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

Sales of power batteries and energy storage system products

The Group manufactures and sells battery-related products in the market. Revenue from sales of products is recognised at the point in time when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and the customer has accepted the products in accordance with the sales contract.

Other income

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

Contract assets

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

Contract liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments

The Company operates a share option scheme and a restricted stock scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value of the share option is determined by an external valuer using Black-Scholes Option Pricing Model, and the fair value of the restricted stock is determined by an external valuer based on investors' recent capital contribution price. Further details of which are given in note 31 to the financial statements.

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

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

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

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

Other employee benefits

Pension schemes

The employees of the Group are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Other employee benefits (continued)

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group's liability in respect of these funds is limited to the contributions payable in each of the reporting period.

Borrowing costs

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

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

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

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Determining the lease term

In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation.

Generally, periods covered by an extension option in other properties leases have not been included in the lease liability because the Group could replace the assets without significant cost or business disruption. See note 14 for further information.

The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control.

Estimation uncertainty

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

Provision for inventories

The Group's inventories are stated at the lower of cost and net realisable value. The Group writes down its inventories based on estimates of the realisable value with reference to the ageing and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed annually for write-down, if appropriate. Further details of the inventories are set out in note 18 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on ageing of trade receivables and contract assets for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 19 to the financial statements.

Estimation of provision for warranty claims

Generally, the Group provides an 8-year or 150,000-kilometer warranty for EV battery products and a warranty for ESS battery products ranging from 6,000 to 8,000 cycles. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trend that might suggest that past cost information may differ from future claims. The assumptions made in respect of the reporting period are consistent with those in the prior years. Factors that could impact the estimated claim information include the success of the Group's productivity and quality initiatives, as well as parts and labour costs.

Impairment of non-current assets (other than goodwill)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)**Estimation uncertainty (continued)****Leases – Estimating the incremental borrowing rate**

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

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies. Further details on deferred tax are disclosed in note 17 to the financial statements.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the development a multi-pathway portfolio of market-driven and technology-fueled battery products. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

	2025	2024
	RMB'000	RMB'000
Chinese mainland	8,084,728	5,093,866
European Union	14,172	779
Other countries/regions	2,069	35,672
Total	8,100,969	5,130,317

The geographical location of customers is based on the location at which the customers operate.

Almost all the non-current assets of the Group are physically located in the Chinese mainland.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION (continued)**Information about major customers**

The revenue generated from sales to customers which individually amounted to more than 10% of the Group's total revenue during the reporting period is set out below:

	2025 RMB'000	2024 RMB'000
Customer A	2,351,054	1,462,322
Customer B	1,500,246	*
Customer C	1,272,233	1,160,950
Customer D	1,139,375	566,554
Customer E	807,743	1,076,672

* Less than 10% of the Group's revenue.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers	8,100,969	5,130,317

Revenue from contracts with customers**(a) Disaggregated revenue information**

	2025 RMB'000	2024 RMB'000
Types of goods		
Power Battery	7,680,508	4,663,775
Nickel-cobalt-manganese ternary materials	758,599	1,357,268
Lithium iron phosphate	6,921,909	3,306,507
Energy Storage System	109,311	213,409
Others*	311,150	253,133
Total revenue from contracts with customers	8,100,969	5,130,317

* Primarily include sales of down-grade products and waste materials sales.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE, OTHER INCOME AND GAINS (continued)**Revenue from contracts with customers (continued)****(a) Disaggregated revenue information (continued)**

	2025 RMB'000	2024 RMB'000
Timing of revenue recognition		
Transferred at a point in time	8,100,969	5,130,317

The following table shows the amounts of revenue recognised in the reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	14,756	44,662

(b) Performance obligations

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

Sales of products

The performance obligation is satisfied upon acceptance and payment generally varies from 30 days to 90 days.

All amounts of transaction prices allocated to the performance obligations of sales of goods are expected to be recognised as revenue within one year. The Group has no significant unsatisfied performance obligations arising from revenue contracts that have an original expected duration more than one year, thus management applied practical expedient under IFRS 15 and is not disclosing the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially satisfied at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE, OTHER INCOME AND GAINS (continued)**Revenue from contracts with customers (continued)****(b) Performance obligations (continued)*****Sales of products (continued)***

An analysis of other income and gains is as follows:

	2025 RMB'000	2024 RMB'000
Other income		
Government grants	38,505	38,387
Interest income	31,314	37,426
Others	1,894	1,754
Total other income	71,713	77,567
Gains		
Investment income and fair value gains on wealth management products	592	205
Foreign exchange gains, net	–	966
Total gains	592	1,171
Total other income and gains	72,305	78,738

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. PROFIT BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold*		6,591,245	4,326,476
Depreciation of property, plant and equipment	13	636,647	497,298
Depreciation of right-of-use assets	14	40,570	32,902
Amortisation of other intangible assets	15	81,895	78,742
Research and development expenses*		520,257	556,165
Listing expenses		37,802	29,285
Auditor's remuneration		3,100	300
Lease payments not included in the measurement of lease liabilities	14	16,046	13,299
Employee benefit expense (including directors' and supervisors' remuneration (note 8)):			
Wages, salaries and other allowances		735,214	501,861
Pension scheme contributions and social welfare		173,370	158,286
Share-based payment expenses		31,675	58,875
Impairment losses on property, plant and equipment**	13	235,776	–
Impairment losses on financial assets and contract assets, net		(917)	9,705
Impairment losses on inventories	18	18,314	55,397
Foreign exchange losses/(gains), net		21,271	(966)
Provision	29	194,743	109,170
Losses on disposal of items of property, plant and equipment and other intangible assets		13,306	8,797
Investment income and fair value gains on wealth management products	5	(592)	(205)
Interest income	5	(31,314)	(37,426)

* Cost of sales of goods and research and development expenses include expenses relating to staff cost, depreciation and amortisation expenses and impairment losses on inventories, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

** The impairment losses on property, plant and equipment are included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest on interest-bearing bank and other borrowings	138,694	136,493
Interest on lease liabilities	8,258	9,597
Subtotal	146,952	146,090
Less: Interest capitalised	(19,003)	(13,505)
Total	127,949	132,585

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

The remuneration paid or payable to directors and supervisors of the Company during the year is as follows:

	2025 RMB'000	2024 RMB'000
Fees	450	243
Other emoluments:		
Salaries, allowances and benefits in kind	8,676	8,331
Share-based payment expenses	1,290	4,189
Pension scheme contributions	588	826
Subtotal	10,554	13,346
Total fees and other emoluments	11,004	13,589

The remuneration disclosed above included the remuneration received by certain directors and supervisors prior to their appointments as the directors and supervisors of the Company.

Certain directors and supervisors had been granted share options or restricted shares, in respect of their services to the Group, under the employee incentive scheme of the Company, further details of which are set out in note 31 to the financial statements. The share-based payments expenses included in the financial statements for the current year are included in the above directors' and supervisors' remuneration disclosures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)**(a) Independent non-executive directors**

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

	2025 RMB'000	2024 RMB'000
Ms. Xiao Min	150	81
Mr. Xu Zhiming	150	81
Mr. Gong Zhengliang	150	81
Total	450	243

Ms. Xiao Min, Mr. Xu Zhiming and Mr. Gong Zhengliang were appointed as independent non-executive directors in June 2024.

(b) Directors and supervisors

	Salaries, allowances and benefits in kind RMB'000	Share-based payment expenses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2025				
Directors:				
Ms. Cao Fang	2,585	–	–	2,585
Mr. Chen Jicheng	2,585	–	216	2,801
Mr. Zhang Li	–	–	–	–
Mr. Yu Zhexun	1,390	757	101	2,248
Subtotal	6,560	757	317	7,634
Supervisors:				
Mr. Ge Wei	8	11	2	21
Mr. Hong Ping	–	–	–	–
Mr. Jiang Dongfeng	1,104	367	130	1,601
Mr. Zou Jian	611	47	50	708
Mr. Yu Yang	393	108	89	590
Subtotal	2,116	533	271	2,920
Total	8,676	1,290	588	10,554

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)**(b) Directors and supervisors (continued)**

	Salaries, allowances and benefits in kind RMB'000	Share-based payment expenses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2024				
Directors:				
Ms. Cao Fang	1,500	–	–	1,500
Mr. Chen Jicheng	1,500	–	210	1,710
Mr. Wu Shinong	–	–	–	–
Mr. Zhang Li	–	–	–	–
Mr. Yu Zhexun	1,001	1,167	94	2,262
Mr. Yu Hongjiang	1,185	1,255	89	2,529
Subtotal	5,186	2,422	393	8,001
Supervisors:				
Mr. Ge Wei	457	554	90	1,101
Mr. Hong Ping	–	–	–	–
Mr. Jiang Dongfeng	631	492	130	1,253
Mr. Liu Gang	584	–	90	674
Mr. Jiang Kecheng	1,081	668	84	1,833
Mr. Zou Jian	392	53	39	484
Subtotal	3,145	1,767	433	5,345
Total	8,331	4,189	826	13,346

Mr. Yu Hongjiang and Mr. Wu Shinong resigned as directors with effect from 18 June 2024.

Mr. Liu Gang resigned as a supervisor with effect from 31 December 2024.

Mr. Jiang Kecheng and Mr. Zou Jian resigned as supervisors with effect from 18 June 2024.

Mr. Yu Zhexun was appointed as a director in June 2024.

Mr. Hong Ping was appointed as a supervisor in June 2024.

Mr. Ge Wei was appointed as a supervisor in June 2024 and resigned as a supervisor with effect from 8 January 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)**(b) Directors and supervisors (continued)**

Mr. Jiang Dongfeng was appointed as a supervisor in December 2024.

Mr. Yu Yang was appointed as a supervisor in January 2025.

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

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 December 2025 included two directors (2024: Nil), details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining highest paid employees who are neither a director nor a supervisor of the Company during the year are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	9,208	7,435
Share-based payment expenses	3,929	14,733
Pension scheme contributions	314	408
Total	13,451	22,576

The numbers of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees	
	2025	2024
HK\$2,500,001 to HK\$3,000,000	1	–
HK\$3,000,001 to HK\$3,500,000	–	2
HK\$3,500,001 to HK\$4,000,000	1	–
HK\$4,500,001 to HK\$5,000,000	–	1
HK\$5,000,001 to HK\$5,500,000	–	1
HK\$8,000,001 to HK\$8,500,000	1	1
Total	3	5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. INCOME TAX

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

Chinese mainland

The subsidiaries established in Chinese mainland are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law.

The Company was qualified as a High and New Technology Enterprises in 2022 and was entitled to a preferential tax rate of 15% from 2022 to 2024. The certificate was renewed in 2025 that the Company entitled to the preferential tax rate of 15% from 2025 to 2027.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2025 RMB'000	2024 RMB'000
Current income tax	–	336
Deferred tax credit (note 17)	(199,425)	(12,307)
Total tax credit for the year	(199,425)	(11,971)

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

	2025 RMB'000	2024 RMB'000
Profit before tax	609,125	79,043
Tax at the statutory tax rate of 25%	152,281	19,761
Effect of preferential tax rates	(42,748)	(11,035)
Profit and losses attributable to joint ventures	(80,836)	(46,258)
Expenses not deductible for tax (a)	5,595	12,761
Super deduction on research and development expenses (b)	(58,315)	(70,952)
Deductible temporary differences not recognised	35,321	15,287
Recognition of previously unrecognised tax losses and temporary differences	(224,674)	(49,555)
Tax losses not recognised	13,951	118,020
Tax credit at the Group's effective tax rate	(199,425)	(11,971)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. INCOME TAX (continued)

- (a) Expenses not deductible for tax mainly represent share-based payments expenses and certain other costs and expenses, which all are not deductible in accordance with relevant tax regulations in the PRC.
- (b) Super deductible allowance was for qualified research and development costs. According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 200% of their research and development costs so incurred as tax deductible expenses when determining their assessable profits.

11. DIVIDENDS

No dividends have been paid or declared by the Company during the year.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The basic profit per share is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

No adjustment has been made to the basic earnings per share amount presented for the year in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue.

The weighted average number of ordinary shares outstanding used in 2024 was determined assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:1 as upon transformation into a joint stock company on 17 July 2024.

The calculations of basic and diluted earnings per share are based on:

	2025	2024
Profit attributable to owners of the parent (RMB'000)	808,550	91,014
Weighted average number of ordinary shares outstanding	2,482,429,066	2,313,018,766
Basic and diluted earnings per share (expressed in RMB per share)	0.33	0.04

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery RMB'000	Office equipment and electronic devices RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Appliances and others RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2025								
At 1 January 2025:								
Cost	1,738,315	4,346,171	68,195	28,071	480,205	–	327,132	6,988,089
Accumulated depreciation and impairment	(141,089)	(875,437)	(43,708)	(17,949)	(205,754)	–	–	(1,283,937)
Net carrying amount	1,597,226	3,470,734	24,487	10,122	274,451	–	327,132	5,704,152
At 1 January 2025, net of accumulated depreciation and impairment	1,597,226	3,470,734	24,487	10,122	274,451	–	327,132	5,704,152
Additions	–	846	81	51	407	–	2,873,573	2,874,958
Transfer	434,383	895,708	8,119	1,120	18,254	73,663	(1,431,247)	–
Disposals	–	(13,595)	(143)	(44)	(1,537)	–	–	(15,319)
Assets-related government grant	–	(86,410)	–	–	–	–	–	(86,410)
Depreciation provided during the year	(83,229)	(459,975)	(10,866)	(4,889)	(63,885)	(13,803)	–	(636,647)
Impairment	–	(235,188)	(585)	(3)	–	–	–	(235,776)
At 31 December 2025, net of accumulated depreciation and impairment	1,948,380	3,572,120	21,093	6,357	227,690	59,860	1,769,458	7,604,958
At 31 December 2025:								
Cost	2,172,611	5,092,555	75,301	28,998	484,083	73,663	1,769,458	9,696,669
Accumulated depreciation and impairment	(224,231)	(1,520,435)	(54,208)	(22,641)	(256,393)	(13,803)	–	(2,091,711)
Net carrying amount	1,948,380	3,572,120	21,093	6,357	227,690	59,860	1,769,458	7,604,958

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings RMB'000	Machinery RMB'000	Office equipment and electronic devices RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024							
At 1 January 2024:							
Cost	1,686,669	3,029,693	60,864	26,734	441,815	1,204,878	6,450,653
Accumulated depreciation and impairment	(59,678)	(558,594)	(35,637)	(13,008)	(164,743)	-	(831,660)
Net carrying amount	1,626,991	2,471,099	25,227	13,726	277,072	1,204,878	5,618,993
At 1 January 2024, net of accumulated depreciation and impairment							
depreciation and impairment	1,626,991	2,471,099	25,227	13,726	277,072	1,204,878	5,618,993
Additions	-	445	140	96	12	600,099	600,792
Transfer	51,646	1,361,175	10,377	1,849	52,725	(1,477,772)	-
Disposals	-	(10,552)	(211)	(13)	(1,476)	(73)	(12,325)
Assets-related government grant	-	(6,010)	-	-	-	-	(6,010)
Depreciation provided during the year	(81,411)	(345,423)	(11,046)	(5,536)	(53,882)	-	(497,298)
At 31 December 2024, net of accumulated depreciation and impairment							
depreciation and impairment	1,597,226	3,470,734	24,487	10,122	274,451	327,132	5,704,152
At 31 December 2024:							
Cost	1,738,315	4,346,171	68,195	28,071	480,205	327,132	6,988,089
Accumulated depreciation and impairment	(141,089)	(875,437)	(43,708)	(17,949)	(205,754)	-	(1,283,937)
Net carrying amount	1,597,226	3,470,734	24,487	10,122	274,451	327,132	5,704,152

The Group involved external experts to perform an impairment assessment on recoverable amounts of property, plant and equipment at the end of the reporting period. The recoverable amounts of these property, plant and equipment have been determined based on their fair value less costs of disposal. The relevant assets were impaired to their recoverable amounts if their carrying values were higher than the recoverable amounts when the impairment assessment was performed.

Certain of the Group's property, plant and equipment were pledged to secure bank facilities granted to the Group for bank borrowings at the end of the reporting period (note 28).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. LEASES**The Group as a lessee**

The Group has lease contracts for various items of leasehold land and plant and properties used in its operations. Leases of leasehold land generally have lease terms of 50 years, while plant and properties generally have lease terms between 1.2 and 10.2 years. Other equipment generally has lease terms of 12 months or less or is individually of low value.

(a) Right-of-use assets

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

	Leasehold land RMB'000	Plant and properties RMB'000	Total RMB'000
As at 1 January 2024	52,665	204,738	257,403
Additions	–	1,921	1,921
Depreciation charge	(1,113)	(31,789)	(32,902)
As at 31 December 2024 and 1 January 2025	51,552	174,870	226,422
Additions	344,397	–	344,397
Government grant	(24,500)	–	(24,500)
Depreciation charge	(7,959)	(32,611)	(40,570)
As at 31 December 2025	363,490	142,259	505,749

Certain of the Group's right-of-use assets were pledged to secure bank facilities granted to the Group for bank borrowings at the end of the reporting period (note 28).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. LEASES (continued)**The Group as a lessee (continued)****(b) Lease liabilities**

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

	2025 RMB'000	2024 RMB'000
Carrying amount at the beginning of the year	176,431	202,790
New leases	–	1,921
Accretion of interest recognised during the year	8,258	9,597
Payments	(39,424)	(37,877)
Carrying amount at the end of the year	145,265	176,431
Analysed into:		
Current portion	31,216	30,397
Non-current portion	114,049	146,034

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

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	8,258	9,597
Depreciation charge of right-of-use assets	40,570	32,902
Expenses relating to short-term leases and leases of low-value assets	16,046	13,299
Total amount recognised in profit or loss	64,874	55,798

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. OTHER INTANGIBLE ASSETS

	Trademarks and patents RMB'000	Software RMB'000	Total RMB'000
31 December 2025			
Cost at 1 January 2025, net of accumulated amortisation and impairment	375,284	47,795	423,079
Additions	–	12,982	12,982
Amortisation provided during the year	(69,009)	(12,886)	(81,895)
At 31 December 2025	306,275	47,891	354,166
At 31 December 2025:			
Cost	783,258	88,353	871,611
Accumulated amortisation and impairment	(476,983)	(40,462)	(517,445)
Net carrying amount	306,275	47,891	354,166
31 December 2024			
At 1 January 2024:			
Cost	783,258	65,042	848,300
Accumulated amortisation and impairment	(339,200)	(17,608)	(356,808)
Net carrying amount	444,058	47,434	491,492
Cost at 1 January 2024, net of accumulated amortisation and impairment			
	444,058	47,434	491,492
Additions	–	10,329	10,329
Amortisation provided during the year	(68,774)	(9,968)	(78,742)
At 31 December 2024	375,284	47,795	423,079
At 31 December 2024:			
Cost	783,258	75,371	858,629
Accumulated amortisation and impairment	(407,974)	(27,576)	(435,550)
Net carrying amount	375,284	47,795	423,079

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. INVESTMENTS IN JOINT VENTURES

	2025 RMB'000	2024 RMB'000
Share of net assets	628,392	584,967
Goodwill on acquisition	2,882,206	2,882,206
Total	3,510,598	3,467,173

The Group's and the Company's outstanding balances with the joint ventures are disclosed in note 36.

STAES is considered a material joint venture of the Group and is accounted for using the equity method.

	2025 RMB'000	2024 RMB'000
Cash and cash equivalents	725,890	681,515
Other current assets	1,081,793	1,117,803
Current assets	1,807,683	1,799,318
Non-current assets, excluding goodwill	267,706	316,329
Goodwill on acquisition of the joint venture	2,882,206	2,882,206
Financial liabilities, excluding trade and other payables and provisions	(100,377)	(267,311)
Other current liabilities	(762,316)	(727,926)
Current liabilities	(862,693)	(995,237)
Non-current liabilities	(16,238)	(17,333)
Net assets	4,078,664	3,985,283
Net assets, excluding goodwill	1,196,458	1,103,077
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	50%	50%
Group's share of net assets of the joint venture, excluding goodwill	598,229	551,538
Goodwill on acquisition	2,882,206	2,882,206
Carrying amount of the investment	3,480,435	3,433,744
Revenue	7,346,152	6,665,307
Profit for the period	684,672	587,316
Dividend received	295,644	186,224

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. INVESTMENTS IN JOINT VENTURES (continued)

The following table illustrates the financial information of the Group's joint venture that is not individually material:

	2025 RMB'000	2024 RMB'000
Share of the joint venture's gain for the year	(17,556)	(8,838)
Carrying amount of the Group's investment in the joint venture	30,163	33,429

17. DEFERRED TAX

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

Deferred tax assets

	Impairment of financial and contract assets RMB'000	Provision RMB'000	Lease RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	–	–	30,419	–	30,419
Deferred tax charged to profit or loss during the year	–	–	(1,927)	–	(1,927)
Gross deferred tax assets at 31 December 2024	–	–	28,492	–	28,492
Deferred tax credited/ (charged) to profit or loss during the year	93,100	63,713	(5,565)	29,547	180,795
Gross deferred tax assets at 31 December 2025	93,100	63,713	22,927	29,547	209,287

Deferred tax liabilities

	Fair value adjustment arising from acquisition of subsidiaries RMB'000	Leases RMB'000	Total RMB'000
At 1 January 2024	70,009	30,711	100,720
Deferred tax credited to profit or loss during the year	(12,113)	(2,121)	(14,234)
Gross deferred tax liabilities at 31 December 2024	57,896	28,590	86,486
Deferred tax credited to profit or loss during the year	(12,706)	(5,924)	(18,630)
Gross deferred tax liabilities at 31 December 2025	45,190	22,666	67,856

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. DEFERRED TAX (continued)**Deferred tax liabilities (continued)**

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

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	186,621	–
Net deferred tax liabilities recognised in the consolidated statement of financial position	45,190	57,994

18. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	210,916	202,140
Work in progress	205,378	132,688
Finished goods	831,716	377,122
	1,248,010	711,950
Provision for inventories	(21,230)	(33,238)
Total	1,226,780	678,712

Inventories were stated at the lower of cost and net realisable value at the end of the reporting period

The movements in provision

	2025 RMB'000	2024 RMB'000
Carrying amount at the beginning of the year	33,238	190,719
Impairment losses recognised	18,314	55,397
Amounts written off	(30,322)	(212,878)
Carrying amount at the end of the year	21,230	33,238

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	2,070,418	1,860,219
Commercial acceptance bills receivables	–	2,003
Bank acceptance bills receivables	248,999	385,149
	2,319,417	2,247,371
Impairment	(619,676)	(624,066)
Net carrying amount	1,699,741	1,623,305

The Group's trading terms with its customers are mainly on credit. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the Group's trade and bills receivables, based on recognition date and net of loss allowance, as at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	1,472,791	1,415,189
3 to 6 months	224,833	196,026
6 months to 1 year	1,842	4,882
1 to 2 years	275	7,208
Total	1,699,741	1,623,305

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. TRADE AND BILLS RECEIVABLES (continued)

The movements in the impairment losses on trade and bills receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	624,066	616,832
Impairment losses recognised	(3,750)	9,131
Amounts written off as uncollectible	(640)	(1,897)
At end of year	619,676	624,066

The Group applies the simplified approach in calculating ECLs for trade and bill receivables. Trade and bill receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade and bills receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing analysis for grouping of customers that have similar loss patterns. The calculation reflects the age of the balance, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and influence from macro economy.

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

	Within 3 months	3 to 6 months	6 months to 1 year	1 to 2 years	Total
As at 31 December 2025					
On a collective basis:					
Expected credit loss rate	1.00%	1.00%	5.00%	20.00%	1.01%
Gross carrying amount (RMB'000)	1,462,931	327	1,939	344	1,465,541
Expected credit losses (RMB'000)	14,630	3	97	69	14,799
On an individual basis:					
Expected credit loss rate					100.00%
Gross carrying amount (RMB'000)					604,877
Expected credit losses (RMB'000)					604,877

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. TRADE AND BILLS RECEIVABLES (continued)

	Within 3 months	3 to 6 months	6 months to 1 year	1 to 2 years	Total
As at 31 December 2024					
On a collective basis:					
Expected credit loss rate	1.33%	1.33%	6.90%	33.92%	1.64%
Gross carrying amount (RMB'000)	1,224,963	15,600	5,244	10,908	1,256,715
Expected credit losses (RMB'000)	16,293	207	362	3,700	20,562
On an individual basis:					
Expected credit loss rate					100.00%
Gross carrying amount (RMB'000)					603,504
Expected credit losses (RMB'000)					603,504

The bills receivables held by the Group were mostly issued by reputable banks and with short-term maturity. Accordingly, the identified impairment loss was assessed to be minimal as at the end of the reporting period.

20. BILLS RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Bills receivables at fair value through other comprehensive income	342,986	92,936

All these bills receivables at fair value through other comprehensive income are aged within six months. The identified impairment loss was assessed to be minimal as at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Current portion:		
Prepayments to suppliers	22,814	8,586
Other receivables	8,508	2,105
Other tax recoverable	225,768	49,757
Prepaid expenses	4,884	4,505
Listing expenses	–	8,051
Deposits	2,199	366
	264,173	73,370
Impairment allowance	(14)	(9)
Subtotal	264,159	73,361
Non-current portion:		
Deposits	81,888	39,727
Prepayments for long-term assets	7,253	618
	89,141	40,345
Impairment allowance	(1,557)	(533)
Subtotal	87,584	39,812
Total	351,743	113,173

At the end of the reporting period, the ECLs of the financial assets included in prepayments, other receivables and other assets were measured based on the 12-month expected credit loss if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on the lifetime expected credit loss. An impairment analysis was performed at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. CONTRACT ASSETS

	31 December 2025 RMB'000	31 December 2024 RMB'000	1 January 2024 RMB'000
Contract assets arising from:			
Sale of products	4,250	5,388	6,658
Impairment	(2,049)	(244)	(162)
Net carrying amount	2,201	5,144	6,496

Contract assets are initially recognised for the revenue earned from sales of products and the receipt of retention consideration is conditional on expiration of the warranty period. Upon expiration of the warranty period, the amounts recognised as contract assets are reclassified to trade receivables.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	2025 RMB'000	2024 RMB'000
Within one year	2,201	5,144

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Wealth management products	108,979	–

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND RESTRICTED BANK BALANCES

	2025 RMB'000	2024 RMB'000
Cash and cash equivalents	4,182,585	2,199,072
Time deposits with original maturity of more than three months to one year when acquired	103,722	101,982
Pledged deposits	973,490	953,254
Restricted cash from lawsuit	–	4,550
Total	5,259,797	3,258,858

	2025 RMB'000	2024 RMB'000
Cash and cash equivalents		
Denominated in RMB	4,061,590	2,142,711
Denominated in United States dollar ("USD")	27,663	56,361
Denominated in Euro ("EUR")	32,879	–
Denominated in Hong Kong dollar ("HKD")	60,453	–
Total	4,182,585	2,199,072
Time deposits with original maturity of more than three months to one year when acquired in RMB	103,722	101,982
Pledged deposits denominated in RMB	973,490	953,254
Restricted cash from lawsuit denominated in RMB	–	4,550

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

At the end of the reporting period, the Group's and the Company's certain deposits were pledged for issuance of bank acceptance bills (note 25) and interest-bearing bank borrowings (note 28).

At the end of the reporting period, the Group and the Company have assessed the credit risk of cash and cash equivalents, time deposits, pledged deposits and restricted cash from lawsuit to be minimal as they were placed in reputable financial institutions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on recognition date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	5,014,434	3,741,138
1 to 2 years	–	1,394
2 to 3 years	–	54
Total	5,014,434	3,742,586

The trade payables are non-interest-bearing and are normally settled in 30 to 90 days upon receipt of the value-added tax invoice.

The Group entered into supplier finance arrangements with China Construction Bank Corporation Changshu Branch, Shanghai Pudong Development Bank Co., Ltd. Suzhou Branch, Zhejiang Merchants Bank Co., Ltd. Changshu Branch and China CITIC Bank Suzhou Branch, together as the factoring companies. Under these supplier finance arrangements, the Group's suppliers can elect to have their undue trade receivables from the Group factored by the factoring companies. Upon the Group's approval, the suppliers will sign accounts receivables transfer agreements with the factoring companies, whereby their corresponding accounts receivables transfer from the Group to the factoring companies. The factoring companies will pay the suppliers directly for the factored receivables. The Group will subsequently make payments to the factoring companies to settle the factored accounts receivables.

The financial liabilities that are part of the supplier finance arrangements are included in trade and bills payables.

	2025 RMB'000	2024 RMB'000
Carrying amount of financial liabilities that are part of the supplier finance arrangements included in trade and bills payables	69,648	16,600
Of which suppliers have received payments	69,648	16,600

For the financial liabilities that are part of the supplier finance arrangements are included in trade and bills payables, there were no significant non-cash changes in the carrying amounts of these financial liabilities.

As at 31 December 2025, the Group's certain bills payables were secured by the pledged deposits amounting to RMB969,011,000 (2024: RMB953,254,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Payables for purchase of property, plant and equipment	1,392,012	1,160,950
Payroll and welfare payable	139,043	63,117
Accrued listing expenses	–	11,569
Accrued expenses	55,386	45,251
Other tax payables	33,795	10,409
Other payables	56,230	27,985
Due to related parties	–	108,567
Total	1,676,466	1,427,848

Other payables are non-interest-bearing, unsecured and have no fixed terms of settlement.

27. CONTRACT LIABILITIES

	31 December 2025 RMB'000	31 December 2024 RMB'000	1 January 2024 RMB'000
Contract liabilities	38,684	14,756	44,662

Contract liabilities include advances received from customers for delivery of products. The increase/decrease in contract liabilities during the year was mainly due to the increase/decrease in short-term advances received from customers in relation to the provision of products.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. INTEREST-BEARING BANK AND OTHER BORROWINGS

As at 31 December 2025			
	Effective interest rate	Maturity	RMB'000
Current			
Bank borrowings – secured	2.25%-2.45%	2026	200,151
Bank borrowings – unsecured	1.80%-2.60%	2026	700,561
Current portion of long-term bank borrowings – secured	2.90%-3.00%	2026	925,391
Current portion of long-term bank borrowings – unsecured	2.40%-2.90%	2026	32,371
Total – current			1,858,474
Non-current			
Bank borrowings – secured	2.90%-3.00%	2027-2035	3,557,312
Bank borrowings – unsecured	2.40%-2.60%	2028	278,000
Total			5,693,786

As at 31 December 2024			
	Effective interest rate	Maturity	RMB'000
Current			
Bank borrowings – unsecured	2.80%-2.85%	2025	600,560
Other borrowings from discounting bills receivables	0.77%-1.10%	2025	141,892
Current portion of long-term bank borrowings – secured	3.25%-3.50%	2025	503,373
Total – current			1,245,825
Non-current			
Bank borrowings – secured	3.25%-3.65%	2026-2028	2,768,659
Total			4,014,484

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank borrowings repayable:		
Within one year	1,858,474	1,245,825
In the second year	937,495	1,000,000
In the third to fifth years, inclusive	2,897,817	1,768,659
Total	5,693,786	4,014,484

As at 31 December 2024, the Group's certain interest-bearing bank borrowings were secured by the right-of-use assets with an aggregate carrying amount of approximately RMB51,552,000 and property, plant and equipment with an aggregate carrying amount of approximately RMB3,283,944,000.

As at 31 December 2025, the Group's certain interest-bearing bank borrowings were secured by the right-of-use assets with an aggregate carrying amount of approximately RMB363,490,000 and property, plant and equipment with an aggregate carrying amount of approximately RMB3,001,512,000.

29. PROVISION

	2025 RMB'000	2024 RMB'000
At the beginning of the year	262,744	168,788
Additional provision	194,743	109,170
Amounts utilised during the year	(32,123)	(15,214)
At the end of the year	425,364	262,744
Portion classified as current liabilities	59,346	35,003
Non-current portion	366,018	227,741

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. SHARE CAPITAL

	2025 RMB'000	2024 RMB'000
Issued and fully paid:		
Share capital	2,554,421	2,386,976

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

	2025 RMB'000	2024 RMB'000
At the beginning of the year	2,386,976	–
Conversion into a joint stock company	–	2,255,935
Shareholders' capital contribution	–	131,041
Issuance of ordinary shares related to the initial public offering	121,524	–
Issuance of ordinary shares under general mandate	45,921	–
At the end of the year	2,554,421	2,386,976

In July 2024, the Company issued 131,041,251 share capital with a value of RMB7.63 each to 5 investors (collectively, the "Series B Investors") with a cash consideration of an aggregate amount of RMB1,000,000,000. The total proceeds were received in 2024, with approximately RMB131,041,251 and RMB868,958,749 credited to the Company's share capital and share premium, respectively.

In connection with the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), 121,523,700 ordinary shares of RMB1.00 each were issued at a price of HKD8.27 per share for a total cash consideration, before expenses, of approximately HKD1,005,000,000 (equivalent to RMB934,100,000). Dealings in the shares of the Company on the Stock Exchange commenced on 14 April 2025.

In October 2025, 45,921,000 ordinary shares of RMB1.00 each were issued at a price of HKD10.98 per share for a total cash consideration, before expenses, of approximately HKD504,213,000 (equivalent to RMB460,175,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. SHARE-BASED PAYMENTS

Expenses arising from equity-settled share-based payment transactions were as follows:

	2025	2024
	RMB'000	RMB'000
Share Option Plan (a)	6,101	21,908
Share Incentive Plan (b)	25,574	36,967
Total	31,675	58,875

	2025	2024
	RMB'000	RMB'000
Cost of sales	711	1,688
Selling and marketing expenses	499	3,463
Administrative expenses	21,616	36,654
Research and development expenses	8,849	17,070
Total	31,675	58,875

(a) Share Option Plan

To improve the incentive mechanism of the Group, further enhance the work enthusiasm and creativity of the participants thereto, promote the continued growth of the performance of the Group, and bring economic benefits to the participants while enhancing the value of the Group, so as to realise the common development of the participants and the Group, on 15 April 2018, a share incentive scheme (the "Share Option Plan"), which was then supplemented in 2023, upon the Reorganisation, was approved by the Shareholders. There is no overall change or no incremental fair value identified in accordance with the supplement Option Plan. Employees will become limited partners according to the number of options granted under the Share Option Plan ("Share Awards") and indirectly hold the shares underlying the options by virtue of their capacity as partners of the relevant Equity Incentive Platform.

Pursuant to the Share Option Plan, each grant of Share Awards needs to meet service requirements from the date of grant to the later of (1) the date of successful IPO of the Company (the "Lock-up Period") and (2) the "Service Period", for most eligible participants of the Share Option Plan, one-third of the Share Awards shall be released on the date of grant, one-third shall be released at the first anniversary of the date of grant, and the remaining one-third shall be released at the second anniversary of the date of grant, upon meeting certain individual performance targets. Once the Service Period meets, the share options exercised to restricted shares which also require to meet the Lock-up Period. After taking into consideration of the best estimation of the IPO, the management determined the vesting period of the relevant Share Awards based on the above service requirements. As such, the share-based payment expenses are amortized during the vesting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. SHARE-BASED PAYMENTS (continued)**(a) Share Option Plan (continued)**

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these Share Awards. The Group accounts for the Scheme as an equity-settled plan.

Share Awards do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Movements in the number of Share Awards granted and their exercise prices are as below:

2025

	Exercise price	Number of Share Awards* '000
At the beginning of the year	RMB1.00-RMB4.20	34,954
Granted	RMB4.05	130
Forfeited	RMB4.05	(130)
Vested	RMB1.00-RMB4.20	(34,954)
At the end of the year		–

2024

	Exercise price	Number of Share Awards* '000
At the beginning of the year	RMB1.00-RMB4.20	34,954
Granted	RMB1.15-RMB4.05	1,823
Forfeited	RMB1.00-RMB1.44	(1,823)
At the end of the year	RMB1.00-RMB4.20	34,954

Number of Share Awards is the number of options or restricted shares granted under the Share Option Plan on relevant Equity Incentive Platform.

The fair value of share options granted was estimated as at the date of grant, using Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. SHARE-BASED PAYMENTS (continued)**(b) Share Incentive Plan**

On 24 February 2022, a share incentive scheme (the “Share Incentive Plan”), which was then supplemented in 2023, was approved by the shareholders. The maximum number of shares that may be issued by all awards under the Share Incentive Plan shall be 26,000,000 shares. Pursuant to the Share Incentive Plan, 20,322,700 shares and 7,513,187 shares and 3,820,000 shares of the Company were granted to eligible participants, including directors, senior management and backbone employees, through the incentive platforms of the Share Incentive Plan on 1 March 2022 and 25 August 2023 and 23 July 2024, respectively, in the form of restricted shares at the subscription price of RMB1.00 per share and RMB3.67 per share.

The grant date fair value of the shares of the Share Incentive Plan Schemes before deduction of exercise price was RMB7.63 per share, which was determined by a third-party valuer based on investors’ recent capital injection price. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding “share-based payment expenses” in profit or loss.

Each grant of shares needs to meet service requirements, certain shares will be vested at the date of successful listing and certain shares will be vested to the later of (1) the date of successful IPO of the Company and (2) locked for three-year period from the date of the grant. After taking into consideration of the best estimation of the IPO, the management determined the vesting period of the relevant shares based on the above service requirements. As such, the share-based payment expenses are amortized during the vesting period.

Movements in the number of shares granted and the respective grant date fair value were as follows:

		2025	2024
	Grant date fair value	Number of shares '000	Number of shares '000
At the beginning of the year	3.96-6.63	23,080	21,564
Granted	3.96-6.63	–	3,820
Forfeited	3.96-6.63	(847)	(2,304)
Vested	3.96-6.63	(12,573)	–
At the end of the year	6.63	9,660	23,080

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. RESERVES

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

(i) Share premium/capital reserve

The share premium of the Group represents the premium in issuing capitals.

(ii) Merger reserve

The merger reserve of the Group represents the reserve arising pursuant to the Reorganisation of the Group completed in 2022.

For the purpose of business integration, on 28 February 2022, the Group acquired businesses of Jiangsu TAFEL and its subsidiaries now comprising the Group were under the common control of the controlling shareholder before and after the Reorganisation. The Group acquired certain assets including properties, plant and equipment, other intangible assets and inventories held by Jiangsu TAFEL and its subsidiaries for an aggregate cash consideration of RMB1,854,781,500. Upon the Reorganisation, the Group undertook the business, aforementioned assets, provision for warranty claims, and the personnel of Jiangsu TAFEL and its subsidiaries, while all liabilities except for provision for warranty claims were inherited by Jiangsu TAFEL.

(iii) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 31 to the financial statements.

(iv) Special reserve

According to relevant PRC regulations, transfer of production and maintenance funds at fixed rates based on relevant bases to a specific reserve account is required. The amounts are generally expenses in nature and charged to profit or loss as incurred, and at the same time, the corresponding amounts of safety reserve fund were utilized and transferred back to retained profits until such special reserve was fully utilised.

(v) Reserve funds

According to the Company Law of the People's Republic of China, a portion of 10% of the profits of the Company has been transferred to reserve funds as statutory surplus reserves which are restricted as to use. The reserve fund can only be used, upon approval by the relevant authority, to offset accumulated losses or increase capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**(a) Major non-cash transactions**

During the year ended 31 December 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,921,000 and RMB1,921,000 respectively, in respect of lease arrangements for plant and equipment.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	3,535,631	202,790	3,738,421
Changes from financing cash flows	342,360	(37,877)	304,483
New leases	–	1,921	1,921
Interest expense	136,493	9,597	146,090
At 31 December 2024	4,014,484	176,431	4,190,915
Changes from financing cash flows	1,540,608	(39,424)	1,501,184
Interest expense	138,694	8,258	146,952
At 31 December 2025	5,693,786	145,265	5,839,051

(c) Total cash outflow for leases

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

	2025 RMB'000	2024 RMB'000
Within operating activities	16,046	13,299
Within financing activities	39,424	37,877
Total	55,470	51,176

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. COMMITMENTS

The Group had the following capital commitments at the end of the reporting year:

	2025 RMB'000	2024 RMB'000
Property, plant and equipment	494,410	109,225

35. PLEDGE OF ASSETS

Details of the assets pledged for the Group's interest-bearing bank and other borrowings and issuance of bank acceptance bills are included in notes 24, 25 and 28 to the financial statements.

36. RELATED PARTY TRANSACTIONS**(a) Transactions with related parties:**

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

	2025 RMB'000	2024 RMB'000
Fellow subsidiaries:		
Sales of goods		
Jiangsu TAFEL	–	3
Reception of rental services		
Shanghai Zhaoyuan Technology Co., Ltd.	189	191
A shareholder:		
Reception of rental services		
Nanjing Lukou Konggang Investment Development Co., Ltd.	691	945
Joint ventures:		
Reception of rental services		
Jiangsu Aiev New Energy Technologies Co., Ltd.	3,685	3,918
Reception of labor dispatch services		
Jiangsu Aiev New Energy Technologies Co., Ltd.	–	160
STAES	253	–
Total	253	160

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. RELATED PARTY TRANSACTIONS (continued)**(b) Outstanding balances with related parties:**

	2025 RMB'000	2024 RMB'000
Non-trade related		
A fellow subsidiary:		
Other payables and accruals		
Jiangsu TAFEL	–	88,567
A joint venture:		
Other payables and accruals		
Jiangsu Aiev New Energy Technologies Co., Ltd.	–	20,000
Trade related		
A shareholder:		
Other payables and accruals		
Nanjing Lukou Konggang Investment Development Co., Ltd.	193	–

At the end of the reporting period, all the remaining balances due from or due to related parties were non-interest-bearing, unsecured and had no fixed terms of settlement.

(c) Compensation of key management personnel of the Group

	2025 RMB'000	2024 RMB'000
Short term employee benefits	20,428	12,486
Share-based payment expenses	6,809	10,708
Pension scheme contributions	1,248	1,028
Total compensation paid to key management personnel	28,485	24,222

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS BY CATEGORY

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

2025

Financial assets

	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables	–	–	1,699,741	1,699,741
Bills receivables at fair value through other comprehensive income	–	342,986	–	342,986
Financial assets included in prepayments, other receivables and other assets	–	–	91,024	91,024
Financial assets at fair value through profit or loss	108,979	–	–	108,979
Restricted bank balances	–	–	973,490	973,490
Time deposits	–	–	103,722	103,722
Cash and cash equivalents	–	–	4,182,585	4,182,585
Total	108,979	342,986	7,050,562	7,502,527

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	5,014,434
Financial liabilities included in other payables and accruals	1,503,628
Interest-bearing bank and other borrowings	5,693,786
Total	12,211,848

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

2024

Financial assets

	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables	–	1,623,305	1,623,305
Bills receivables at fair value through other comprehensive income	92,936	–	92,936
Financial assets included in prepayments, other receivables and other assets	–	41,656	41,656
Restricted bank balances	–	957,804	957,804
Time deposits	–	101,982	101,982
Cash and cash equivalents	–	2,199,072	2,199,072
Total	92,936	4,923,819	5,016,755

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	3,742,586
Financial liabilities included in other payables and accruals	1,354,322
Interest-bearing bank and other borrowings	4,014,484
Total	9,111,392

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings	5,693,786	4,014,484	5,692,677	4,014,484

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

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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

The Group invests in financial assets at fair value through profit or loss, which represents wealth management products. The Group has estimated the fair values of these wealth management products based on the net values announced by the issuers at the end of the reporting period.

The fair values of bills receivables at fair value through other comprehensive income have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The changes in fair values as a result of the Group for bills receivables at fair value through other comprehensive income as at 31 December 2025 were assessed to be insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)**Fair value hierarchy**

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant	Significant	
		observable	unobservable	
		inputs Level 2 RMB'000	Level 3 RMB'000	
Bills receivables at fair value through other comprehensive income	–	342,986	–	342,986
Financial assets at fair value through profit or loss	–	108,979	–	108,979
Total	–	451,965	–	451,965

2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant	Significant	
		observable	unobservable	
		inputs Level 2 RMB'000	Level 3 RMB'000	
Bills receivables at fair value through other comprehensive income	–	92,936	–	92,936

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax:

	Increase/(decrease) in basis points	Decrease/(increase) in profit before tax RMB'000
2024		
RMB	50	(16,407)
RMB	(50)	16,407
2025		
RMB	50	(20,416)
RMB	(50)	20,416

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Credit risk (continued)****Maximum exposure and year-end staging**

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

2025

	12-month ECLs		Lifetime ECLs		Simplified approach RMB'000	Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000			
Trade and bills receivables*	–	–	–		2,319,417	2,319,417
Bills receivables at fair value through other comprehensive income*	–	–	–		342,986	342,986
Contract assets*	–	–	–		4,250	4,250
Financial assets included in prepayments, other receivables and other assets						
– Normal**	92,595	–	–		–	92,595
Restricted bank balances						
– Not yet past due	973,490	–	–		–	973,490
Time deposits						
– Not yet past due	103,722	–	–		–	103,722
Cash and cash equivalents						
– Not yet past due	4,182,585	–	–		–	4,182,585
Total	5,352,392	–	–		2,666,653	8,019,045

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Credit risk (continued)****Maximum exposure and year-end staging (continued)**

2024

	12-month ECLs		Lifetime ECLs		Simplified approach RMB'000	Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Stage 3 RMB'000		
Trade and bills receivables*	–	–	–	–	2,247,371	2,247,371
Bills receivables at fair value through other comprehensive income*	–	–	–	–	92,936	92,936
Contract assets*	–	–	–	–	5,388	5,388
Financial assets included in prepayments, other receivables and other assets						
– Normal**	42,198	–	–	–	–	42,198
Restricted bank balances						
– Not yet past due	957,804	–	–	–	–	957,804
Time deposits						
– Not yet past due	101,982	–	–	–	–	101,982
Cash and cash equivalents						
– Not yet past due	2,199,072	–	–	–	–	2,199,072
Total	3,301,056	–	–	–	2,345,695	5,646,751

* For trade and bills receivables and contract assets and bills receivables at fair value through other comprehensive income to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 and note 20.

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

As at the end of the reporting period, the Group had certain concentrations of credit risk as 29.05% (2024: 32.31%) and 84.37% (2024: 87.8%) of the Group's trade receivables were due from the Group's largest debtor and five largest debtors, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Liquidity risk**

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and lease liabilities.

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

2025

	Within 1 year or on demand RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	1,994,373	3,385,849	715,691	6,095,913
Lease liabilities	38,034	127,639	–	165,673
Trade and bills payables	5,014,434	–	–	5,014,434
Financial liabilities included in other payables and accruals	1,503,628	–	–	1,503,628
Total	8,550,469	3,513,488	715,691	12,779,648

2024

	Within 1 year or on demand RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	1,352,854	2,896,067	–	4,248,921
Lease liabilities	40,563	136,390	31,758	208,711
Trade and bills payables	3,742,586	–	–	3,742,586
Financial liabilities included in other payables and accruals	1,354,322	–	–	1,354,322
Total	6,490,325	3,032,457	31,758	9,554,540

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Capital management**

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new capitals.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes interest-bearing bank and other borrowings and lease liabilities, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The gearing ratios as at the end of the reporting periods are as follows:

	2025 RMB'000	2024 RMB'000
Interest-bearing bank and other borrowings	5,693,786	4,014,484
Lease liabilities	145,265	176,431
Less: Cash and cash equivalents	4,182,585	2,199,072
Net debt	1,656,466	1,991,843
Equity attributable to owners of the parent	8,091,771	5,897,122
Capital and net debt	9,748,237	7,888,965
Gearing ratio	17%	25%

40. EVENTS AFTER THE RELEVANT YEARS

There are no significant events subsequent to 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	4,939,172	5,548,823
Right-of-use assets	154,211	202,827
Other intangible assets	345,422	414,713
Investments in subsidiaries	5,516,559	1,844,005
Investments in joint ventures	–	3,433,744
Deferred tax assets	186,621	–
Prepayments, other receivables and other assets	39,901	35,907
Total non-current assets	11,181,886	11,480,019
CURRENT ASSETS		
Inventories	966,995	641,883
Trade and bills receivables	1,706,787	1,653,125
Bills receivables at fair value through other comprehensive income	342,986	92,936
Contract assets	2,201	5,144
Prepayments, other receivables and other assets	221,534	52,397
Financial assets at fair value through profit or loss	108,979	–
Restricted bank balances	961,083	927,984
Time deposits	103,722	101,982
Cash and cash equivalents	3,311,162	994,624
Total current assets	7,725,449	4,470,075
CURRENT LIABILITIES		
Trade and bills payables	4,638,155	3,803,549
Other payables and accruals	1,259,845	1,647,337
Contract liabilities	36,540	13,461
Interest-bearing bank and other borrowings	1,857,306	1,233,260
Lease liabilities	21,868	20,648
Provision	59,346	35,003
Total current liabilities	7,873,060	6,753,258
NET CURRENT LIABILITIES	(147,611)	(2,283,183)
TOTAL ASSETS LESS CURRENT LIABILITIES	11,034,275	9,196,836

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings and other borrowings	2,572,000	2,768,659
Lease liabilities	108,105	129,973
Provision	365,410	227,134
Deferred income	24,636	–
Deferred tax liabilities	–	98
Total non-current liabilities	3,070,151	3,125,864
Net assets	7,964,124	6,070,972
EQUITY		
Share capital	2,554,421	2,386,976
Reserves	5,409,703	3,683,996
Total equity	7,964,124	6,070,972

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

2025

	Capital reserve RMB'000	Share- based payment reserve RMB'000	Reserve funds RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2025	3,935,293	31,529	–	(282,826)	3,683,996
Profit and total comprehensive income for the year	–	–	–	507,510	507,510
Share-based payments	–	31,675	–	–	31,675
Issuance of ordinary shares relating to the initial public offering, net of underwriting commissions and other issuance costs	777,994	–	–	–	777,994
Issuance of ordinary shares under general mandate, net of underwriting commissions and other issuance costs	408,985	–	–	–	408,985
Transfer of merger reserve	(457)	–	–	–	(457)
Transfer from retained profits	–	–	29,262	(29,262)	–
At 31 December 2025	5,121,815	63,204	29,262	195,422	5,409,703

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

2024

	Capital reserve RMB'000	Other reserve RMB'000	Share-based payment reserve RMB'000	Merger reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	5,321,173	6,679	164,165	(397,307)	(2,419,497)	2,675,213
Profit and total comprehensive income for the year	–	–	–	–	80,949	80,949
Conversion into a joint stock company	(2,254,839)	(6,679)	(191,511)	397,307	2,055,722	–
Share-based payments	–	–	58,875	–	–	58,875
Contribution from shareholders	868,959	–	–	–	–	868,959
At 31 December 2024	3,935,293	–	31,529	–	(282,826)	3,683,996

DEFINITIONS

In this report, the following expressions have the meanings set out below unless the context otherwise requires:

“AGM”	the annual general meeting of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Audit Committee”	the audit committee of the Board
“Board”, “our Board” or “Board of Directors”	the board of directors of the Company
“CABIA”	China Automotive Battery Innovation Alliance
“CG Code” or “Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Chairperson”	the chairperson of the Board
“China” or “PRC”	the People’s Republic of China, for the purposes of this report only, excluding Hong Kong, Macau Special Administrative Region and Taiwan Region
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, or “the Company”	Jiangsu Zenergy Battery Technologies Group Co., Ltd. (江蘇正力新能電池技術股份有限公司), a limited liability company incorporated in the PRC on 26 February 2019 as Jiangsu Zenergy Battery Technology Company Limited (江蘇正力新能電池技術有限公司) and converted into a joint stock company with limited liability on 17 July 2024
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to Ms. Cao Fang and Mr. Chen Jicheng, together with their close associates, namely Zhengli Consulting, Zenergy Investment, SINOGY VC, Nanjing Miaode, Nanjing Xuande, Zhengli No. 1 and Zhengli No. 2
“Director(s)”	the director(s) of our Company

DEFINITIONS

“Equity Incentive Platforms”	the pre-IPO equity incentive platforms of the Group, namely Nanjing Xuande, Nanjing Mude, Nanjing Chengde, Nanjing Gande, Nanjing Yinde, Zhengli No. 1, Zhengli No. 2, Zhengli No. 3, Zhengli No. 4, Zhengli No. 5, Zhengli No. 6, Zhengli No. 7, Zhengli No. 8 and Zhengli No. 9
“Global Offering”	the offer of the Shares for subscription as described in the section headed “Structure of the Global Offering” in the Prospectus
“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	the Company and its subsidiaries
“H Share(s)”	listed ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are subscribed for and traded in HK dollars and listed on the Hong Kong Stock Exchange
“HKD” or “HK\$” or “HK dollars”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Public Offering”	the offering of the Hong Kong Offer Shares for subscription by the public in Hong Kong (subject to reallocation as described in the section headed “Structure of the Global Offering” in the Prospectus) at the Offer Price (plus brokerage, SFC transaction levy, Hong Kong Stock Exchange trading fee and AFRC transaction levy), on and subject to the terms and conditions described in the section headed “Structure of the Global Offering” in the Prospectus
“IFRSs”	International Financial Reporting Standards
“International Offering”	the offering of the International Offer Shares at the Offer Price outside the United States in offshore transactions in reliance on Regulation S and subject to the terms and conditions of the International Underwriting Agreement, as further described in the section headed “Structure of the Global Offering” in the Prospectus
“Jiangsu Aiev”	Jiangsu Aiev New Energy Technologies Co., Ltd (江蘇愛騁新能源科技有限公司), a limited liability company incorporated in the PRC on 21 November 2017

DEFINITIONS

“Jiangsu TAFEL”	Jiangsu TAFEL New Energy Technology Co., Ltd. (江蘇塔菲爾新能源科技股份有限公司), a joint stock company with limited liability incorporated in the PRC on 14 July 2017
“installed capacity” or “installation”	the volume of battery products installed in EVs or ESSs, usually expressed in electricity unit of GWh, MWh, or KWh
“Listing”	the listing of the H Shares on the Main Board of the Stock Exchange
“Listing Date”	14 April 2025, the date on which the H Shares were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified 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 as set out in Appendix C3 to the Listing Rules
“Nanjing Chengde”	Nanjing Chengde Enterprise Management Consulting Partnership (Limited Partnership) (南京澄德企業管理顧問合夥企業(有限合夥)), a limited partnership incorporated in the PRC on 3 April 2018, which is an Equity Incentive Platform
“Nanjing Gande”	Nanjing Gande Enterprise Management Consulting Partnership (Limited Partnership) (南京淦德企業管理顧問合夥企業(有限合夥)), a limited partnership incorporated in the PRC on 3 April 2018, which is an Equity Incentive Platform
“Nanjing Miaode”	Nanjing Miaode Enterprise Management Consulting Partnership (Limited Partnership) (南京淼德企業管理顧問合夥企業(有限合夥)), a limited partnership established in the PRC on 7 July 2017, and one of our Controlling Shareholders

DEFINITIONS

“Nanjing Mude”	Nanjing Mude Enterprise Management Consulting Partnership (Limited Partnership) (南京沐德企業管理顧問合夥企業(有限合夥)), a limited partnership incorporated in the PRC on 3 April 2018, which is an Equity Incentive Platform
“Nanjing Xuande”	Nanjing Xuande Enterprise Management Consulting Partnership (Limited Partnership) (南京泫德企業管理顧問合夥企業(有限合夥)), a limited partnership established in the PRC on 7 July 2017, which is an Equity Incentive Platform and one of our Controlling Shareholders
“Nanjing Yinde”	Nanjing Yinde Enterprise Management Consulting Partnership (Limited Partnership) (南京胤德企業管理顧問合夥企業(有限合夥)), a limited partnership incorporated in the PRC on 3 April 2018, which is an Equity Incentive Platform
“Nomination Committee”	the nomination committee of the Board
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares, with any additional H Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option granted by the Company to the International Underwriters, exercisable by the Joint Representatives (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, to require our Company to allot and issue up to an aggregate of 18,228,300 additional H Shares at the Offer Price, representing approximately 15.0% of the Offer Shares initially available under the Global Offering, to cover, among other things, over-allocations in the International Offering, if any, exercisable at any time from the date of the International Underwriting Agreement up to (and including) the date which is the 30th day from the last day for lodging of applications under the Hong Kong Public Offering
“Placee(s)”	any individuals, corporate, institutional or other investor(s) procured by the Sole Placing Agent or its agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of 45,921,000 Placing Shares pursuant to the terms of the Placing Agreement

DEFINITIONS

“Placing Agreement”	the conditional placing agreement entered into between the Company and the Sole Placing Agent dated 17 October 2025 in relation to the Placing
“Placing Price”	HK\$10.98 per Placing Share
“Placing Share(s)”	45,921,000 new H Shares to be allotted and issued under the terms and conditions of the Placing Agreement
“Pre-IPO Equity Incentive Plans”	the Share Option Plan and the Share Incentive Plan
“Prospectus”	the prospectus of the Company dated 3 April 2025
“R&D”	research and development
“Relevant Period”	the period from the Listing Date to 31 December 2025
“Remuneration and Evaluation Committee”	the remuneration and evaluation committee of the Board
“Renminbi” or “RMB”	the lawful currency of the PRC
“Reporting Period”	the year ended 31 December 2025
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary Share(s) of the Company with a nominal value of RMB1.00 each, comprising H Share(s) and Unlisted Share(s)
“Shareholder(s)”	holder(s) of our Shares
“Share Incentive Plan”	the pre-IPO share incentive plan of the Company approved and adopted on 24 February 2022, as amended from time to time
“Share Option Plan”	the pre-IPO share option plan of our Company approved on 20 January 2023 and effective from 31 December 2021, as amended from time to time
“SINOZY VC”	Changshu SINOZY Venture Capital Co., Ltd. (常熟新中源創業投資有限公司), a limited liability company incorporated in the PRC on 15 March 2013, and one of our Controlling Shareholders
“Sole Placing Agent”	CLSA Limited, being the sole placing agent and sole overall coordinator of the Placing
“stabilization period”	the period begins on the Listing Date, and is expected to expire on the 30th day after the last day for lodging applications under the Hong Kong Public Offering

DEFINITIONS

“STAES”	Sinogy Toyota Automotive Energy System Co., Ltd. (新中源豐田汽車能源系統有限公司), a limited liability company incorporated in the PRC on 12 November 2013, owned by (i) the Company as to 50%; (ii) Toyota Motor Corporation (a company listed on Tokyo Stock Exchange and Nagoya Stock Exchange (stock code: 7203), on New York Stock Exchange (ticker: TM) and on London Stock Exchange (stock code: TYT)) as to 35%; (iii) Toyota Battery Co., Ltd. (豐田電池有限公司) (formerly known as Primearth EV Energy 株式會社) as to 10%; and (iv) Toyota Motor (China) Investment Co., Ltd. (豐田汽車(中國)投資有限公司) as to 5%
“subsidiary(ies)”	has the meaning ascribed to it under Schedule 1 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the committee of the Supervisors
“Suzhou ZENIO”	Suzhou ZENIO New Energy Technologies Co., Ltd. (蘇州正力新能源科技有限公司), a limited liability company incorporated in the PRC on 5 December 2016 and a wholly-owned subsidiary of our Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“treasury shares”	has the meaning ascribed to it under the Listing Rules
“Unlisted Shares”	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange
“United States” or “U.S.”	the United States of America and its territories
“USD” or “US\$” or “US dollar”	United States Dollar, the lawful currency of the United States of America
“YoY”	year-on-year
“Zenergy Investment”	Changshu Zenergy Investment Co., Ltd. (常熟正力投資有限公司), a limited liability company incorporated in the PRC on 10 August 2016 and held as to 46%, 42% and 12% by Mr. Chen Jicheng, Ms. Cao Fang and SINOZY VC, respectively, and one of our Controlling Shareholders
“Zhengli Consulting”	Changshu Zhengli Management Consulting Co., Ltd. (常熟正力管理諮詢有限公司), a limited liability company incorporated in the PRC on 28 October 2021 and held by each of Ms. Cao and Mr. Chen as to 50%, respectively, and one of our Controlling Shareholders

DEFINITIONS

“Zhengli No. 1”	Changshu Zhengli No. 1 Management Consulting Partnership (Limited Partnership) (常熟正力壹號管理諮詢合夥企業(有限合夥)), a limited partnership incorporated in the PRC on 25 March 2022, which is an Equity Incentive Platform and one of our Controlling Shareholders
“Zhengli No. 2”	Changshu Zhengli No. 2 Management Consulting Partnership (Limited Partnership) (常熟正力貳號管理諮詢合夥企業(有限合夥)), a limited partnership incorporated in the PRC on 29 April 2022, which is an Equity Incentive Platform and one of our Controlling Shareholders
“Zhengli No. 3”	Changshu Zhengli No. 3 Management Consulting Partnership (Limited Partnership) (常熟正力參號管理諮詢合夥企業(有限合夥)), a limited partnership incorporated in the PRC on 26 March 2022, which is an Equity Incentive Platform
“Zhengli No. 4”	Changshu Zhengli No. 4 Management Consulting Partnership (Limited Partnership) (常熟正力肆號管理諮詢合夥企業(有限合夥)), a limited partnership incorporated in the PRC on 26 March 2022, which is an Equity Incentive Platform
“Zhengli No. 5”	Changshu Zhengli No. 5 Management Consulting Partnership (Limited Partnership) (常熟正力伍號管理諮詢合夥企業(有限合夥)), a limited partnership incorporated in the PRC on 26 March 2022, which is an Equity Incentive Platform
“Zhengli No. 6”	Changshu Zhengli No. 6 Management Consulting Partnership (Limited Partnership) (常熟正力陸號管理諮詢合夥企業(有限合夥)), a limited partnership incorporated in the PRC on 26 March 2022, which is an Equity Incentive Platform
“Zhengli No. 7”	Changshu Zhengli No. 7 Management Consulting Partnership (Limited Partnership) (常熟正力柒號管理諮詢合夥企業(有限合夥)), a limited partnership incorporated in the PRC on 26 March 2022, which is an Equity Incentive Platform
“Zhengli No. 8”	Changshu Zhengli No. 8 Management Consulting Partnership (Limited Partnership) (常熟正力捌號管理諮詢合夥企業(有限合夥)), a limited partnership incorporated in the PRC on 31 March 2022, which is an Equity Incentive Platform
“Zhengli No. 9”	Changshu Zhengli No. 9 Management Consulting Partnership (Limited Partnership) (常熟正力玖號管理諮詢合夥企業(有限合夥)), a limited partnership incorporated in the PRC on 26 March 2022, which is an Equity Incentive Platform
“%”	per cent.

In this report, unless otherwise indicated, the terms “associate”, “associated corporation”, “connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules.

GLOSSARY OF TECHNICAL TERMS

“5-3-1” R&D strategy”	our research and development strategy, under which our research institute is responsible for analyzing and preparing for the development trends in battery material and related technologies of the next five years; our platform center is responsible for establishing the requisite R&D platform and capabilities to carry out the relevant R&D work for the next three years; and our product center is responsible for designing the detailed technologies and product specs for battery products for launch in the next one year
“Ah”	Amp-hour, battery capacity unit
“Battery grade lithium carbonate”	Lithium carbonate whose quality reaches the YS/T582-2006 standard, is mainly used in the production of Lithium-Ion battery materials
“BEV” or “battery electric vehicle”	Battery electric vehicle, a type of vehicle propelled entirely by battery-powered electric motors, without using internal combustion engines
“BIZ Platform”	Zenergy big data intelligence platform
“BMS”	Battery management system
“C” or “C-rate”	Charge or discharge rate, which refers to the rate at which a battery is charged or discharged relative to its total capacity and is an industry term. A charging current of 2C, 3C, 4C, 6C, and 12C implies that the battery can be fully charged in 1/2, 1/3, 1/4, 1/6 and 1/12 of an hour, respectively
“CAGR”	Compound annual growth rate
“Cell”	Battery cell
“CLTC”	China Light-Duty Vehicle Test Cycle, a standard used in China to measure the driving range and efficiency of vehicles
“CMC”	Carboxymethyl cellulose
“CNAS”	China National Accreditation Service for Conformity Assessment
“CNT”	Carbon nanotube
“CTC”	Cell to chassis, also called cell-to-body, is a technology to install the battery cells seamlessly into a car’s structure
“CTMTP”	Cell to module to pack, a technology to install cells in forms of modules and packs in order to safely and efficiently manage battery cells mounted in an electric vehicle

GLOSSARY OF TECHNICAL TERMS

“CTP”	Cell to pack, an approach used to integrate battery cells directly into battery packs without the intermediate step of modules
“cycle life”	Or life cycle, refers to the number of times (or cycles) that the EV or ESS battery can undergo the process of complete charging and discharging until the end of its life, and the end life of an EV or ESS battery generally indicates that the available capacity of the battery has decay to 80% or 70% of its designed capacity
“die-cutting stage”	A stage of manufacturing battery products, which involves customizing a die by cutting, shaping, or shearing it to create a certain shape, design, or structure
“Electrode”	A structure of Lithium-Ion battery products which is composed of components such as active materials, binders, conductive agents and collectors
“EMS”	Energy management system
“energy density”	The amount of energy that can be contained in a battery relative to its volume or weight, expressed in Wh/L or Wh/kg
“EREV”	Extended-range electric vehicle, a type of electric vehicle (EV) that primarily operates as a battery electric vehicle (BEV) but includes a small internal combustion engine (ICE) or generator to extend the vehicle’s driving range when the battery is depleted
“ERP system”	Enterprise Resource Planning system
“ESS”	energy storage system, a device that can store and output power, consists of multiple subsystems such as battery system and energy management system
“EV” or “electric vehicle”	New energy vehicles, mainly comprising of battery electric vehicles and plug-in hybrid electric vehicles
“EV battery system”	Usually known as the EV battery pack, which is used in electric vehicles and consists of cells, modules, battery management systems and others
“FVTPL”	Fair value through profit and loss
“GB 19578-2021”	PRC National Standard: <Fuel consumption limits for passenger cars>
“GB 38031”	PRC National Standard: <Electric vehicles traction battery safety requirements>
“GB 38031-2020”	PRC National Standard: “Electric vehicles traction battery safety requirements”, which was issued on 12 May 2020

GLOSSARY OF TECHNICAL TERMS

“GB/T23001-2017”	national standard for integration of informatization and industrialization management systems requirements issued by Standardization Administration of China
“GB/T 31484”	PRC National Standard: <Cycle life requirements and test methods for traction battery of electric vehicle>
“GB/T 31486”	PRC National Standard: <Electrical performance requirements and test methods for traction battery of electric vehicle>
“gravimetric energy density”	Gravimetric energy density measures the amount of energy stored in a battery relative to its weight, typically expressed in watt-hours per kilogram (Wh/kg). Higher gravimetric energy density means the battery can store more energy for its weight, which is crucial for applications like electric vehicles where weight impacts performance and efficiency
“GWh”	The unit of electricity, kWh is the degree, 1 GWh=1,000,000 kWh
“HEV”	Hybrid electric vehicle, a type of vehicle that combines a conventional internal combustion engine (ICE) with an electric motor and battery to improve fuel efficiency and reduce emissions
“High nickel cathode material”	A ternary cathode material with a high nickel content
“HR System”	Human Resource System
“IATF16949”	International technical specification of automotive industry quality management system, which prepared by IATF (International Automotive Task Force) and ISO (International Organization for Standardization)
“ICE”	internal combustion engine
“IEC 62619”	<i>Secondary cells and batteries containing alkaline or other non-acid electrolytes – Safety requirements for secondary lithium cells and batteries for use in industrial applications</i> , which released by International Electrotechnical Commission (IEC)
“IKW”	“Identify, Knowledge & Win,” one of our two platforms that constitute our management system under which we manage and operate our business
“installed capacity” or “installation”	The volume of battery products installed in EVs or ESSs, usually expressed in electricity unit of GWh, MWh, or kWh

GLOSSARY OF TECHNICAL TERMS

“integration efficiency”	Integration efficiency refers to how effectively a battery can be integrated into a system, considering factors like energy conversion, power management, and compatibility with other system components. High integration efficiency means the battery operates optimally within the system, maximizing performance and minimizing electrical, thermal and management losses
“iron phosphate”	Iron phosphate, also known as high iron phosphate and iron orthophosphate, with molecular formula FePO_4 , is a white, off-white monoclinic crystal powder, and is a compound used to synthesize lithium iron phosphate battery cathode materials
“ISO14001”	Environmental Management System, which released by ISO (International Organization for Standardization)
“ISO45001”	Occupational Health and Safety Management System, which released by ISO (International Organization for Standardization)
“ISO50001”	Energy Management System, which released by ISO (International Organization for Standardization)
“ISO9001”	International Quality Management System, which released by ISO (International Organization for Standardization)
“ISO/IEC 17025: 2017”	“General Requirements for Competence of Testing and Calibration Laboratories,” an international standard for testing and calibration laboratories
“LCO”	Lithium cobalt oxide (LiCoO_2)
“LES”	Logistics execution system
“LFP”	a lithium-ion battery that uses lithium iron phosphate (LiFePO_4) as the cathode material
“LFP battery”	A Lithium-Ion battery that uses lithium iron phosphate (LiFePO_4) as the cathode material
“LISA”	Interconnected land, sea and air application scenarios for our battery products
“lithium”	A metal chemical element, of which the element symbol is Li, and the atomic number is 3

GLOSSARY OF TECHNICAL TERMS

“lithium carbonate”	A common lithium compound with the chemical formula Li_2CO_3 . It is the most widely used lithium product with broad application range. It is classified into industrial grade lithium carbonate, battery grade lithium carbonate and high-purity lithium carbonate due to its different purity levels
“Lithium hydroxide”	A common lithium compound whose molecular formula is LiOH . When it comes to lithium hydroxide, it generally refers to lithium hydroxide monohydrate in the industry, which is mainly used in lubricants, purifiers, catalysts and other industries. Lithium hydroxide monohydrate is a common lithium compound whose molecular formula is $\text{LiOH}\cdot\text{H}_2\text{O}$. It is the main lithium hydroxide product in the lithium product market, widely known as lithium hydroxide for short in the industry
“Lithium metal”	Elemental lithium metal, mainly used in lithium alloys, nuclear industry, batteries, aviation industry manufacturing and other industries. Spodumene refers to an ore containing lithium with $\text{LiAl}(\text{Si}_2\text{O}_6)$ as its chemical formula. It is mainly used in the production of lithium carbonate and the production of additives in the glass and ceramic industries
“lithium thionyl chloride”	Also called Li-SOCl_2 , a type of cell batteries where electrolyte based on sulfonated thionyl chloride serves as the positive electrode
“Lithium-Ion battery”	Rechargeable battery that composes of cells in which lithium ions move from the negative electrode through electrolytes to the positive electrode during discharge and back when charging
“LMFP”	Lithium manganese iron phosphate ($\text{LiMn}_x\text{Fe}_{1-x}\text{PO}_4$)
“mass energy density”	The amount of energy that can be contained within a given mass
“MES system”	Manufacturing execution system
“Module”	Battery module
“MWh”	The unit of electricity, kWh is the degree, $1\text{MWh}=1,000\text{kWh}$
“nail penetration test”	A type of safety testing done to simulate internal short circuiting. Such test requires that the EV battery pack to not explode or catch fire due to thermal runaway when it is entirely penetrated by a steel nail under required conditions
“NCA”	Lithium nickel cobalt aluminum oxide ($\text{Li}(\text{Ni}_x\text{Co}_y\text{Al}_z)\text{O}_2$), which can be used as cathode materials for ternary batteries

GLOSSARY OF TECHNICAL TERMS

“NCM”	A type of lithium-ion battery chemistry that uses a combination of Nickel (Ni), Cobalt (Co), and Manganese (Mn) as key materials in the cathode. Given different ratios of nickel, cobalt, and manganese, it can be classified into NCM523, NCM613, NCM811, etc.
“NiMH”	Nickel metal hydride, a type of rechargeable battery commonly used in various applications, including hybrid electric vehicles (HEVs), consumer electronics, and power tools. It is named after the materials used in its composition: nickel oxide hydroxide (NiOOH) as the positive electrode (cathode) and a hydrogen-absorbing alloy as the negative electrode (anode)
“NMP”	N-methylpyrrolidone, which is a chemical that is widely used during the manufacture and production of petrochemicals, electronics and plastic material and resin manufacturing
“OA System”	Office Automation System
“OAC”	Operation Approval Committee, one of our organizations that constitute our management system
“OEM”	Automotive original equipment manufacturer
“PAC”	Product Approval Committee, one of our organizations that constitute our management system
“PDCA”	Plan-Do-Check-Act, a problem-solving iterative technique that uses four steps to improve business processes
“peak discharge rate”	The maximum rate at which a battery can discharge energy, usually expressed as a multiple of the battery’s capacity (Crate). A higher peak discharge rate allows the battery to deliver more power quickly, which is important for applications requiring sudden bursts of energy, such as acceleration in electric vehicles
“PHEV”	Plug-in hybrid electric vehicle (including REV), a type of vehicle that combines a battery-powered electric motor with an internal combustion engine (ICE)
“PLM system”	Product Lifecycle Management System
“PVDF”	Polyvinylidene difluoride which is a highly non-reactive thermoplastic fluoropolymer produced by the polymerization of vinylidene difluoride
“R&D”	Research and development

GLOSSARY OF TECHNICAL TERMS

“SAP”	System analysis program development
“SARMO action”	Supply chain, Artificial intelligence, Research and development, Marketing, and Operation. They constitute our key performance indicators
“Solid electrolyte”	A new type of electrolyte in which the electrolyte changes from liquid to solid. According to the content of the electrolyte, it is divided into semi-solid electrolyte, solid electrolyte, etc.
“small capacity battery”	Battery with capacity of less than 100Ah “SRM System”
“SRM System”	Supplier relationship management system
“state of charge”	Also called SOC, the current level of charge in a battery compared to its capacity, expressed as a percentage. For example, reaching 80% state of charge means the battery is charged to 80% of its total capacity
“Super P Li black carbon”	Mainly used for improving conductivity of active materials
“TAC”	Technology Approval Committee, one of our organizations that constitute our management system
“ternary battery” or “ternary lithium battery”	Lithium-ion battery whose cathode material composes of three elements in two forms: nickel-cobalt-manganese, or nickel-cobalt-aluminum
“thermal propagation”	Sequential occurrence of thermal runaway within a battery system triggered by thermal runaway of a cell in that battery system
“UL1642”	Standard for Lithium Batteries, which released by Underwriters Laboratories Inc.
“UL1973”	Standard for Batteries for Use in Stationary and Motive Auxiliary Power Applications, which released by Underwriters Laboratories Inc.
“UL 9540A”	Standard for Test Method for Evaluating Thermal Runaway Fire Propagation in Battery Energy Storage Systems, which released by Underwriters Laboratories Inc.
“UN38.3”	The prevailing United Nations standard that lithium batteries must meet to receive certification for safe transport, which refers to Section 38.3 of Part 3 of the “United Nations Manual of Tests and Standards for the Transport of Dangerous Goods”
“V”	Basic unit of voltage

GLOSSARY OF TECHNICAL TERMS

“VDA”	German Association of the Automotive Industry
“volumetric energy density”	The amount of energy that can be contained in a battery relative to its volume, expressed in watt-hours per liter (Wh/L). It indicates how much energy can be packed into a given space, important for applications with size constraints like portable electronics or certain vehicle designs
“WCS system”	Warehouse control system
“Wh/kg”	Watt hour/kilogram
“WMS system”	Warehouse management system