

2025

ANNUAL REPORT

Shanghai Electric Group Company Limited



PERFORMANCE HIGHLIGHTS



Total revenue of the Company for 2025 was

¥126,679 million

an increase of

9.0% year-on-year



Basic profit per share of the Company for 2025 was

¥ 0.078 yuan

an increase of

62.5% year-on-year



Profits attributable to owners of the Company for 2025 was

¥1,206 million

an increase of

60.3% year-on-year



New orders for 2025 amounted to

¥ 172.8 billion

an increase of

12.5% year-on-year



The Board proposed to declare a final dividend of

¥ 1.425 cents per share for 2025

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CHAIRMAN'S STATEMENT

In 2025, the international economic and trade environment underwent changes, presenting external shocks and challenges rarely seen in years. At the domestic level, various dilemmas and difficulties became intertwined, and deep-seated structural contradictions continued to emerge. Faced with a complex and challenging external environment and a profoundly evolving industry landscape, the Group adhered to its overarching principle of "serving national strategies, aligning closely with national needs, developing new quality productive forces, building core competitiveness, and achieving high-quality development", united to overcome difficulties, actively optimized its industrial layout, strengthened the leading role of technological innovation, and remained committed to deepening reform, laying a solid foundation for the Group's steady development.

During the year ended 31 December 2025 (the "Reporting Period"), the Company achieved the total revenue of RMB126,679 million, and the gross profit margin of the Company was 17.9%. The net profits attributable to owners of the Company was RMB1,206 million, and the basic profit per share of the Company was RMB0.078 yuan.



Chairman Wu Lei



During the Reporting Period, the Company obtained new orders in the amount of RMB172.8 billion. Among the new orders of the Company, orders for energy equipment amounted to RMB92.13 billion (of which orders for coal-fired power equipment, nuclear power equipment, wind power equipment and energy storage equipment amounted to RMB26.59 billion, RMB9.89 billion, RMB22.97 billion and RMB13.08 billion, respectively), orders for industrial equipment amounted to RMB44.48 billion, and orders for integration services amounted to RMB36.19 billion.

During the Reporting Period, the main business operation of the Company is as follows:

Focusing on Strategic Planning to Lead Industrial Upgrading

Adhering to strategic guidance, the Group formulated development plans in a coordinated manner, focused on its core business of high-end equipment manufacturing, planned its future industrial layout, and fostered new drivers of growth. Centered on the themes of "growth, focus and collaboration", the Group formulated its 15th Five-Year Strategic Plan, coordinated reform and development, balanced the development of traditional, strategic emerging and future industries, promoted orderly investment and

exit, cultivated new growth engines, and achieved high-level industrial synergy, providing scientific, strategic and actionable guidance for the Group's high-quality development during the 15th Five-Year Plan period. The Group sorted out its Level 1 and Level 2 business units (BUs) and completed the industrial planning for major BUs, clarifying their core objectives, key tasks and implementation paths, thus forming a dynamically evolving BU planning system. The Group also formulated overseas development plan, digital development plan, industrial layout plan and technology plan, and dynamically updated the reform and exit plan to support the implementation of the strategies.

We seized the opportunities of the green transformation of the energy structure, driven by the dual engines of technological iteration and model innovation, deepened industrial chain expansion and collaboration, and supported the construction of a new clean, low-carbon, safe and efficient energy system. We deeply participated in national key fusion projects, and successfully delivered the world's first cryogenic test cryostat for ITER magnet systems and the TF coil box for China's major national science and technology infrastructure CRAFT project, with subsequent deliveries planned for core components of multiple host systems including the compact fusion experimental device BEST project. Projects con-



structed by us, including the "1000MW-class 650°C high-efficiency ultra-supercritical coal-fired once-through reheat power generating unit", the "new type wide-load ultra-high-efficiency fast-adjustment 1000MW double reheat coal-fired power generating unit" and the "600MW-class ultra-supercritical double reheat boiler with high efficiency and flexibility coupled with by-product coal gas" have been selected into the fifth batch of the list of the first set (batch) of major technical equipment in the energy field issued by the National Energy Administration. During the Reporting Period, the first phase of the Wind-Biomass Coupled Green Methanol Integrated Demonstration Project in Taonan, Jilin Province, which was developed by us and with a production capacity of 50,000 tons per year, has been officially put into operation. This project is the first ISCC-certified large-scale green methanol production project in China that uses biomass and green hydrogen as raw materials. We have entered into a long-term cooperation on green methanol supply with CMA CGM S.A. and Shanggong Group Energy (Shanghai) Co., Ltd.* (上港集團能源 (上海) 有限公司), and jointly built a complete closed-loop industrial chain covering green methanol production, storage and transportation, and bunkering. The first phase of the cooperation will last until 2030, and the first green methanol bunkering has been completed recently. The "Zero Carbon Bay" project in Shanghai Lingang Special Area, in which we participated in the construction, has been selected for inclusion in the list of national-level zero carbon park released by the National Development and Reform Commission, the Ministry of Industry and Information Technology and the National Energy Administration. The park will realize full energy access, visualizable energy and carbon management as well as intelligent dispatching, and leverage the unique resource of green power from offshore wind and solar energy in the East China Sea to build a full-scenario zero carbon system featuring "offshore wind and solar energy + generation-grid-load-storage + energy conservation and carbon reduction + resource recycling".

We strived to promote "new-type industrialization", consolidated the industrial foundation through intelligent manufacturing upgrading, high-end equipment breakthroughs and full life cycle services, and empowered the high-end, intelligent and green development of core industries. In the elevator segment, Shanghai Mitsubishi Elevator Co., Ltd.

("SMEC") (上海三菱電梯有限公司), a subsidiary of the Company, launched the LNK Smart Elevator Digital Solution 3.0, iteratively enhancing elevator management efficiency and passenger experience through scenario-based empowerment and customized solutions. In the field of industrial basic parts, our blade business has achieved a leap from traditional coal-fired power turbine industry to the aviation, aerospace, and gas turbine industries, and upgraded from a single-focus energy blade business to various high-end products such as aviation blades, key core components, and hot-end components, becoming a leading enterprise in the manufacturing of key core components in the "gas turbine and aircraft engine" field. Our bearing business continues to expand its market in fields such as aerospace and aviation, high-speed rail transit, medical equipment, industrial equipment, and automotive bearings. In the industrial robot sector, Shanghai Mechanical & Electrical Industry Co., Ltd., a subsidiary of the Company, and Johnson Electric Holdings Limited, jointly established Dongjie Zhikong (Shanghai) Technology Co., Ltd.* (動界智控 (上海) 科技有限公司), which focused on the R&D and industrialization of joint modules/actuators, achieved breakthroughs in commercial orders for rotary joints and linear joints during the Reporting Period. In the field of aviation assembly and manufacturing lines, we relied on our advanced manufacturing capabilities and integrated equipment strength to provide safe and controllable intelligent solutions for high-end manufacturing customers such as aircraft manufacturers and aviation engine manufacturers. During the Reporting Period, we cooperated with a number of key suppliers of domestic large aircraft to provide mobile heavy-duty automatic drilling robots and core equipment for automatic drilling and riveting production lines, supporting the automation upgrade and efficiency improvement of their core component manufacturing processes. Broetje Automation Equipment (Shanghai) Co., Ltd.* (寶爾捷自動化設備 (上海) 有限公司), a subsidiary of the Company, was selected into the 2025 "Open Competition Mechanism (揭榜掛帥)" program of intelligent manufacturing system solutions by the Ministry of Industry and Information Technology with its solution of "Reconfigurable Flexible Manufacturing Unit for Drilling and Riveting of Commercial Large Aircraft Fuselage Panels". We have actively created the "Shanghai Electric Scheme" for the digital intelligence transformation of energy and high-end equipment. We strengthened the con-

struction of cloud computing, industrial Internet, artificial intelligence, block chain and other digital infrastructure and the application of cutting-edge technologies, to closely integrate with industry, promote the efficient complementation and synergy of all entities in the digital industry ecosystem, and systematically implement intelligent manufacturing practices at multiple levels and in multiple scenarios. During the Reporting Period, the "Energy Power Equipment Discrete Manufacturing Intelligent Factory" of Shanghai Electric Power Generation Equipment Co., Ltd. and the "Full-chain Collaborative and Full-process Controlled Nuclear Energy Equipment Intelligent Factory" solution of Shanghai No.1 Machine Tool Works Co., Ltd. were selected as 2025 National Excellent-level Intelligent Factories. Shanghai Turbine Works Co., Ltd., Shanghai Electric Power Generation Equipment Co., Ltd. Shanghai Power Station Auxiliary Machinery Factory Co., Ltd., Shanghai Dahua Electrical Equipment Co., Ltd. and Shanghai Najie Complete Sets of Electric Co., Ltd. were selected as 2025 Shanghai Advanced-level Intelligent Factories.

Focusing on Market Synergy to Expand Diversified Business Landscape

We focused on supporting the construction of a new-type power system, consolidated our market position in the coal and nuclear power sectors, strived to enhance our competitiveness in the new energy sector, and accelerated expansion and layout in multiple fields. In the nuclear power sector, we have mastered the manufacturing and inspection (testing) technologies for key nuclear power equipment, supporting China's three-step strategy for nuclear energy development. During the Reporting Period, we undertook a total of 16 nuclear island main equipment units and 4 sets of conventional island equipment, and successfully produced 24 nuclear island main equipment units and 2 sets of conventional island equipment, encompassing the fully promoted mass construction of the "Hualong No.1", the CAP series reactor projects, as well as major national engineering projects such as high-temperature gas-cooled reactors. In the field of coal-fired power, we continued to focus on the market of "three reforms linkages (三改聯動)" of coal-fired power generation stations, maintained the global record for the lowest coal consumption of coal-fired power units, achieved coal saving and carbon reduction, deep peak modulation, thermal electric decoupling and efficient heating, and continuously advanced

traditional coal-fired power toward a new generation of green, low-carbon, high-efficiency and flexible coal-fired power technologies, providing solid support for China's energy structure optimization and energy security. During the Reporting Period, we won the bids for the electromechanical equipment and auxiliary furnaces of Guodian Changshu 3×660MW ultra-supercritical coal-fired power generation unit replacement and expansion project (國電常熟 3×660MW 超超臨界燃煤發電機組替代擴建項目), the full set of equipment for Huadian Zibo 2×350MW project (華電淄博2×350MW項目), Huaneng Gulei Phase II 2×660MW project (華能古雷二期2×660MW項目), Guoneng Jianbi Phase VIII 2×1000MW project (國能諫壁八期2×1000MW項目), as well as electromechanical equipment projects including the Baise 2×660MW ultra-supercritical secondary reheat project (百色2×660MW超超臨界二次再熱項目), Mawan Power Plant upgrade and coal power environmental replacement Phase I project 2×660MW ultra-supercritical secondary reheat project (媽灣電廠升級改造煤電環保替代一期工程2×660MW超超臨界二次再熱項目) and the Jiangsu Guoxin Yangzhou Phase III 2×1000MW ultra-supercritical secondary reheat project (江蘇國信揚州三期2×1000MW超超臨界二次再熱項目). In terms of gas turbines, as the only domestic supplier of heavy-duty gas turbines with mature full-life-cycle supply and service capabilities, we won bids for the Hebei Jiantou Xintian Funing (河北建投新天撫寧) 2×Large F gas turbine project, Anhui Huaihe Energy Wuhu (安徽淮河能源蕪湖) 2×Large F gas turbine project and Hebei Jiantou Xintian Beidaihe (河北建投新天北戴河) 2×Large F gas turbine project. The F-class combined cycle unit of the 1st backup unit of Shanghai Heavy Gas Turbine Test Power Station (上海重型燃氣輪機試驗電站1號保障機), for which we provided the full set of electromechanical equipment and auxiliary furnaces, successfully passed the 168-hour full-load trial operation. This project is a key project under the national 14th Five-Year Plan and Shanghai's 14th Five-Year Plan for energy development. In terms of wind power, Shanghai Electric Wind Power Group Co., Ltd ("SEWP") (上海電氣風電集團股份有限公司), a subsidiary of the Company, possesses leading domestic capabilities in wind turbine design and manufacturing, having built China's largest offshore wind power sample database and delivered multiple benchmark offshore wind projects. SEWP seized the opportunities of the "dual carbon" strategy and energy transition, achieved multiple breakthroughs in overseas markets, continuously improved its market lay-

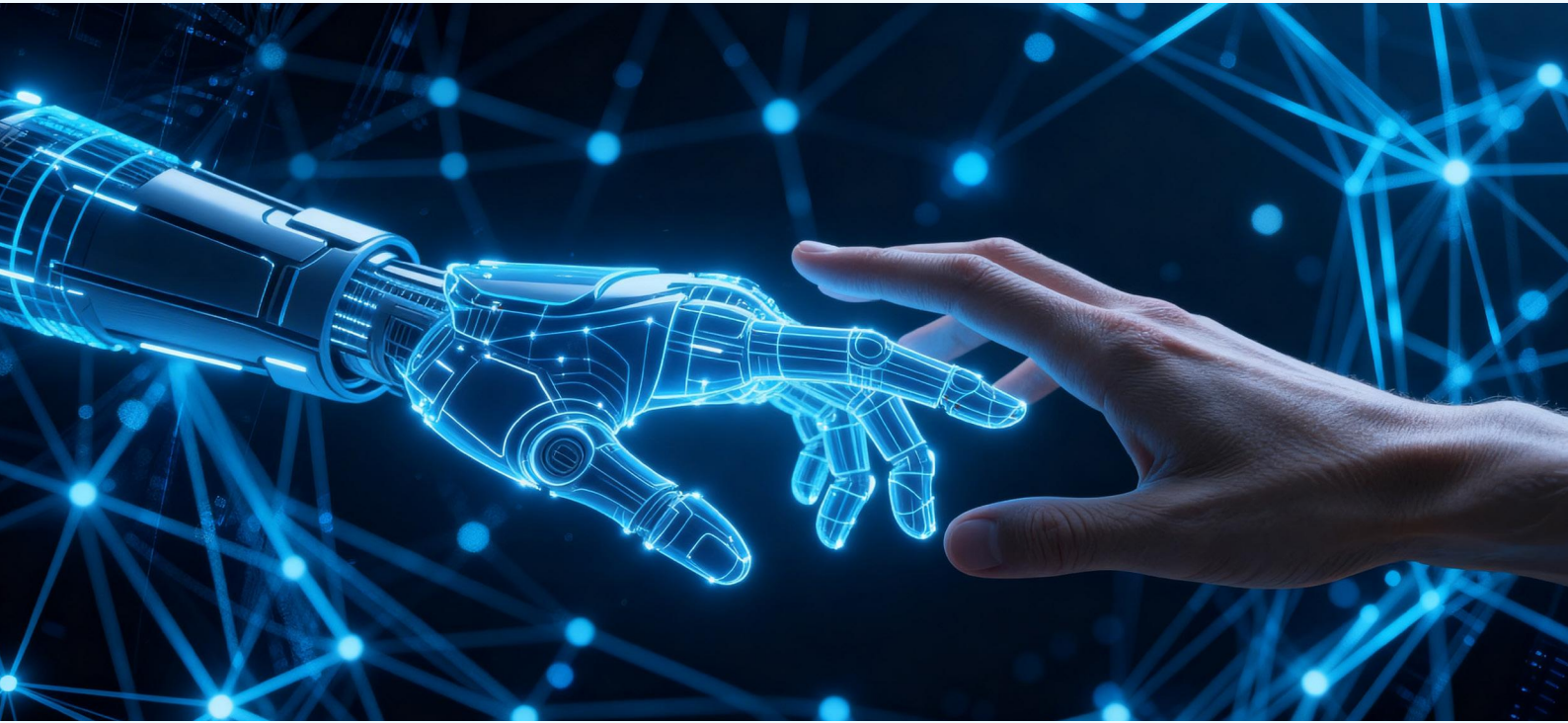




out, realized batch delivery of high-power onshore wind turbines, and rolled out prototypes of ultra-large-power offshore models. In the field of energy storage, we actively deployed technologies such as compressed air energy storage, liquid flow energy storage and flywheel energy storage, building a collaborative development ecosystem for diversified energy storage industries, and providing one-stop "optimal storage" system solutions for customers on the generation side, grid side, industrial and commercial sectors. During the Reporting Period, the 300MW compressed air energy storage generator independently developed by us in Jiuquan, Gansu, was successfully shipped, marking a significant advancement in China's manufacturing of key equipment in the energy storage sector; we won the bids for the 10MW/40MWh all-vanadium redox flow battery energy storage project of the Fengxian Xinghuo Comprehensive Comparison and Testing Demonstration Base for Multiple New Energy Storage Technology Routes (Phase I) Project (奉賢星火綜合多種新型儲能技術路線對比測試示範基地(一期)項目) and the 12MW/48MWh all-vanadium redox flow battery energy storage project of the State Power Investment Corporation Shanghai Wujing Thermal Power Plant (國電投上海吳淞熱電廠12MW/48MWh全鈮液流儲能項目), both of which are among the first batch of eight grid-side independent energy storage power stations planned by Shanghai. We formally signed a cooperation agreement on a flywheel energy storage

project with Hainan Prefecture Optical Storage Integration Demonstration Base in Qinghai Province, the world's largest optical storage demonstration base, and will provide one set of 500kW/125kWh unit for the base.

We actively integrated into the national "Belt and Road" initiative, deepened the "going global" strategy, and promoted the transformation of overseas business from engineering equipment supply to localized in-depth development. During the Reporting Period, we signed a cooperation agreement with Abu Dhabi Future Energy Company (阿布達比未來能源有限公司) for the 2GW photovoltaic project in Saudi Arabia's Saidawei, which is part of Saudi Arabia's fifth round of the National Renewable Energy Program and the largest photovoltaic EPC project undertaken by us to date. We also secured the contract for Package 1 of the Chittagong Phase 2 Substation EPC project in Bangladesh(孟加拉吉大港2期包1變電站總包項目), a national-level project under Bangladesh's power development plan, involving the construction, upgrade, and expansion of 16 units of 33kV GIS substations. We successfully won the bid for the general contracting project for the upgrade and renovation of substations in Uzbekistan, a key project under the national power development plan of Uzbekistan covering design, demolition, new construction and commissioning of the 5 substations, which will significantly enhance the grid capacity and power supply reliability of the country



and is of great strategic significance for promoting regional energy stability and economic development locally. The consortium formed by us and GCD Partners LLP of Kazakhstan successfully secured the EPC contract for the 1GW Mirny Wind Power Project in Kazakhstan, marking a major breakthrough for us in the Central Asian energy market.

Focusing on Innovation-driven Development to Strengthen Scientific and Technological Support

Closely adhering to the core technological mission of "unswervingly advancing high-level self-reliance in science and technology, supporting high-quality industrial development, and deepening the construction of organized technological innovation system", we have optimized the layout of scientific and technological innovation and continuously enhanced core competitiveness. We have optimized the structure of scientific research investment, continuously promoted the development of strategic emerging industries and future industries, accelerated the formation of industrial demonstration applications, promoted large-scale replication and promotion, and created a new growth pole for the Company. The high-energy high-power electron beam dump (800kW@8GeV) with the world's highest power,

which was developed under our leadership, has been successfully delivered to the Shanghai Zhangjiang Hard X-ray Free Electron Laser Facility (SHINE) project (上海張江硬X射線自由電子鐳射裝置 (SHINE) 項目), marking our position as the only enterprise in China capable of supplying the three core complete sets of equipment for ultra-large superconducting accelerators: front-end electron gun, mid-end superconducting cavity and end beam dump. In the field of robotics, we have adopted a dual-drive strategy combining "independent R&D with ecosystem partnerships", initially building an industrial chain that spans industrial robots, specialized robots, and intelligent robots. During the Reporting Period, relying on our extensive experience in the field of intelligent manufacturing and advantages in diverse industrial scenarios, we launched our first self-developed humanoid robot "Suyuan (溯元)", which will be equipped with a vertical domain model trained on high-quality data corpora collected by us in the industrial field and can play a key role in numerous industrial scenarios. The National AI Application Pilot Base (Manufacturing Sector) in which we participated was successfully selected into the national "Two Important" plans. The ultra-high-speed multi-station lamination-cutting integrated equipment developed by Shenzhen Yinghe Technology Co., Ltd. ("Yinghe Technology") (贏合科技股份有



限公司), a subsidiary of the Company, has achieved a breakthrough in mass production and has been delivered to several leading users. As a pioneer in lamination process equipment research, Yinghe Technology has mastered world-leading high-speed lamination technology, accelerating the lithium battery industry's transition into the "Era of Lamination". During the Reporting Period, the Shanghai Special Project for First-time Breakthrough of High-end Intelligent Equipment titled "First-time Breakthrough of Complete Large Forgings for Main Equipment of Nuclear Island of High-temperature Gas-cooled Reactor (高溫氣冷堆核島主設備成套大鍛件首台突破)", undertaken by us, passed the acceptance of the expert panel of the Shanghai Municipal Commission of Economy and Informatization. This technology has successfully solved the technical challenges of high-performance requirements and integrated manufacturing of complete large forgings for main equipment in the 600MW high-temperature gas-cooled reactor project, and achieved the first-time breakthrough of complete large forgings for pressure vessels, internals and steam generators of the main equipment of nuclear island for high-temperature gas-cooled reactors.

We focused on the gathering of global scientific and technological innovation resources, deepened the development of the scientific and technological innovation system, and improved the efficiency of scientific and technological innovation. We expanded diversified industry-university-research collaborative cooperation with universities and institutions, promoted forward-looking technology research, and formed a full-chain ecosystem of "basic research – application transformation". During the Reporting Period, we cooperated with Tsinghua University to establish the "Tsinghua University - Shanghai Electric Group Company Limited Joint Research Institute for Advanced Manufacturing and Equipment Technology", marking an upgrade of bilateral cooperation from "point-to-point" to "systematic" collaborative innovation. The Joint Research Institute aims to focus on key technology research in frontier fields such as advanced manufacturing, digital-intelligent integration and low-carbon energy. We orchestrated upstream-downstream value chain synergies to progressively enhance innovation platform capabilities through flagship project initiatives, thereby forging the core engine for the high-quality development of the Group. During the Reporting Period, we were

approved to build three Shanghai key laboratories, namely the Key Laboratory of Large-scale Casting and Forging Materials and Extreme Manufacturing for High-end Equipment, the Key Laboratory of Efficient Synthesis of Green Fuels, and the Key Laboratory of Multimodal Embodied Intelligence. Four platforms, namely the Pilot Test Platform for R&D and Verification of Key Technologies for the Efficient and Intelligent Synthesis of Multiple Green Fuels (多元綠色燃料高效智能合成關鍵技術研發與驗證中試平台), the Pilot Test Platform for Advanced Nuclear Energy Systems and Key Equipment and Materials for Future Nuclear Energy (先進核能系統及未來核能關鍵裝備及材料中試平台), the Pilot Test Platform for the Integrated Innovation of Large Megawatt Off-shore Wind Power Equipment (大兆瓦海上風電裝備融合創新中試平台), and the Pilot Test Platform for High-Voltage and Large-Capacity Power Electronic Conversion Devices (高壓大容量電力電子變換裝置中試平台), have been approved for inclusion in the first batch of the Shanghai Pilot Test Platform Reserve List for 2026.

The technological strength of our key industries continued to advance, with independent R&D projects receiving multiple awards. During the Reporting Period, the project of Key Technologies and Engineering Applications of Thousand-Second Steady-State High-Parameter Plasma in EAST Mega-Science Facility participated by Shanghai Electric Nuclear Power Group Co., Ltd., a subsidiary of the Company, won the Special Prize of 2023 Anhui Science and Technology Progress Award. The projects of Key Welding Technologies and Applications of Large Components for Severe Service Conditions participated by the turbine factory of Shanghai Electric Power Generation Equipment Co., Ltd. (上海電氣電站設備有限公司上海汽輪機廠) and Shanghai Electric Nuclear Power Equipment Co., Ltd., and R&D and Application of Thermal-Hydraulic Design and Analysis Technologies for Key Equipment of Nuclear Reactors participated by Shanghai Electric Nuclear Power Equipment Co., Ltd. won the First Prize of 2024 Shanghai Science and Technology Progress Award respectively. The project of Key Technologies and Applications of Flexible Control of Distribution Networks Supporting New-Type Source and Load Integration participated by Shanghai Electric Power Electronics Co., Ltd. won the Second Prize of 2024 Shanghai Science and Technology Progress Award.

Focusing on Management Improvement to Stimulate Vitality and Momentum

We have focused on enhancing the quality and efficiency of management and control, deepened management reform, refined the management and control model, optimized resource allocation, activated enterprise development vitality, and enhanced the Group's overall effectiveness. We have continuously improved the corporate governance system and given further play to the role of the Audit Committee. We have established a framework for the economic operation quality evaluation system, strengthened process control over economic operations, and improved the overall operational efficiency and effectiveness. The financing scale and financing costs have been steadily reduced. We successfully completed the initial issuance of sci-tech innovation bonds, marking the first "notes + sci-tech innovation bonds" in Shanghai. We further consolidated core industries and intensified the disposal of non-core and low-efficiency assets. We integrated wind power, solar power, energy storage and integrated energy businesses in the new energy sector, strengthened cross-industry and cross-business coordination, deepened resource integration and internal synergy, and enhanced our capacity to provide integrated energy solutions. We stepped up the integration of industrial groups, promoted organizational flattening, implemented the reform of functional platforms in an orderly manner. We refined the functional setup of the Group headquarters, further enhancing the capabilities for top-level green development planning of the Group and strengthening the ability to support national equipment industry development.

We have consistently adhered to the principle of "talent as the primary resource", thoroughly implemented the strategy of strengthening the enterprise with talent in the new era, and continuously deepened the reform of talent development systems and mechanisms. Guided by market-oriented reforms, we have upheld the clear principle of "recognizing achievement through action and promoting based on performance", cultivating a composite talent team

with international vision. We deepened the reform of the "three-capability mechanism" to stimulate the intrinsic motivation of employees, and fostered more industrial leaders, scientific and technological talents, and highly skilled craftsmen. We innovated incentive and constraint mechanisms driven by value creation and established a more market-competitive compensation allocation system. We improved the training and evaluation mechanism for core talents, launched the "Excellence E+" talent development program to accelerate the building of a high-quality talent team. Focusing on key core technologies, we established a training system for outstanding engineers featuring in-depth integration of "industry, university, research and application", piloted the "selecting the best candidates via open competition (揭榜挂帅)" for R&D mechanism, and innovated the profit-sharing mechanism for the commercialization of scientific and technological achievements.

Looking ahead to 2026, we will take the Group's 15th Five-Year Strategic Plan as our guide, focusing on the cultivation of new quality productive forces and the leap in core competitiveness. With technological innovation as the core driving force, digitalization as the main direction of effort, green development as the underlying principle, industrial chain collaboration as the foundation, industrial capital as the accelerator and bridge, and domestic and international market expansion as new growth drivers, we will promote the transformation and upgrading of existing industries, accelerate the cultivation of strategic emerging industries and future industries, and strengthen our capability to support national strategies, thereby opening a new chapter for high-quality development during the 15th Five-Year Plan period and making greater strides toward building a world-class equipment manufacturing group.

Wu Lei

Chairman

Shanghai, the PRC

30 March 2026

CORPORATE PROFILE

Corporate Information

Legal name of the Company (Chinese)	上海電氣集團股份有限公司
Abbreviated legal name of the Company (Chinese)	上海電氣
Legal name of the Company (English)	Shanghai Electric Group Company Limited
Abbreviated legal name of the Company (English)	Shanghai Electric
Company's legal representative	Wu Lei
Company's authorized representatives	Wu Lei, Zhu Zhaokai
Company's alternative authorized representative	Hu Xupeng
Joint Company Secretaries	Hu Xupeng, Leung Kwan Wai

Contact Person and Contact Details

Name	Secretary to the Board Hu Xupeng
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Fax	+86 (21) 34695780
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Summary of Basic Information

Registered address	No. 16 Lane 1100, Huashan Road, Shanghai (zip code: 200052)
Business address	No. 110 Sichuan Middle Road, Huangpu District, Shanghai (zip code: 200002)
Company website	www.shanghai-electric.com
Company email	service@shanghai-electric.com

Information Disclosure and Place for Inspection of Annual Report of the Company

Company's designated newspapers for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times
The Company's annual reports available at	Office of the Board of the Company
Website designated for publishing annual report required by China Securities Regulatory Commission	www.sse.com.cn
Website designated for publishing annual report required by The Stock Exchange of Hong Kong Limited	www.hkexnews.hk

Summary Information of the Company's Shares

Class of Shares	Place of Listing of Shares	Abbreviation of Shares	Stock Code
A shares	The Shanghai Stock Exchange	上海電氣	601727
H shares	The Stock Exchange of Hong Kong Limited	SH Electric	02727

Share Registrar and Transfer Office

A Shares	H Shares
Shanghai Branch of China Securities Depository and Clearing Corporation Limited	Computershare Hong Kong Investor Services Limited

Other Relevant Information

Date of incorporation of the Company	1 March 2004
Place of incorporation of the Company	Shanghai, PRC
Name of domestic auditors appointed by the Company	Ernst & Young Hua Ming LLP
Business address of domestic auditors appointed by the Company	Level 17, Ernst & Young Tower, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing, China
Legal advisers appointed by the Company as to PRC laws	Grandall Law Firm (Shanghai)
Legal advisers appointed by the Company as to Hong Kong laws	Clifford Chance

FIVE-YEAR FINANCIAL SUMMARY

Unit: million; Currency: RMB

	2021 (Restated)	2022 (Restated)	2023 (Restated)	2024	2025
Revenue and profit					
Revenue	130,261	117,623	114,797	116,186	126,679
Profit/(loss) before tax	(10,290)	1,711	3,813	3,740	5,022
Tax	50	(338)	(1,140)	(1,044)	(1,936)
Net profit/(loss) for the year	(10,240)	(2,049)	2,673	2,695	3,086
Attributable to:					
Owners of the Company	(9,988)	(3,302)	803	752	1,206
Non-controlling interests	(252)	1,253	1,870	1,943	1,879
Dividend	-	-	-	-	221
Earnings per share attributable to ordinary equity holders of the Company					
Basic Profit/(loss) for the year (cents)	(64)	(21)	5.2	4.8	7.8
Assets and liabilities					
Non-current assets	91,026	89,487	94,251	98,716	104,264
Current assets	209,777	201,155	191,914	203,789	221,107
Current liabilities	(168,879)	(163,525)	(167,695)	(190,492)	(209,278)
Net current assets	40,898	37,630	24,219	13,297	11,829
Total assets less current liabilities	131,924	127,117	118,470	112,013	116,093
Non-current liabilities	(33,778)	(30,301)	(38,615)	(34,633)	(36,186)
Net assets	98,145	96,815	79,855	77,380	79,907
Equity attributable to owners of the Company	58,135	57,483	55,726	53,190	54,695
Non-controlling interests	40,010	39,332	24,129	24,190	25,212

Notes:

1.As approved at 2019 annual general meeting, the Company prepares only one set of financial statements in accordance with the PRC Accounting Standards for Business Enterprises from 2020 onwards. In the above table, the financial summary for the years 2021 to 2025 represents the data in the financial statements prepared in accordance with the PRC Accounting Standards for Business Enterprises.

2.In 2024, Shanghai Electric Automation Group Co., Ltd.* (上海電氣自動化集團有限公司), a wholly-owned subsidiary of the Company, acquired 100% equity interest in Shanghai Ningsheng Industrial Co., Ltd.* (上海寧笙實業有限公司) ("Ningsheng Industrial") held by Shanghai Electric Holding Group Co., Ltd. (上海電氣控股集團有限公司) ("SEG") in cash. Pursuant to Accounting Standards for Business Enterprises No. 33, this transaction constitutes a business combination under the same control and requires retrospective adjustments to the comparative financial statements.

KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

Unit: '000; Currency: RMB

Key accounting data and financial indicators	2025	2024	Year-on-year increase/decrease (%)
Total assets	325,370,766	302,504,988	7.6
Net assets attributable to shareholders of the parent company	54,694,720	53,189,916	2.8
Net assets per share attributable to shareholders of the parent company (RMB/share)	3.51	3.41	2.9
Revenue	126,678,586	116,186,116	9.0
Operating profit	4,947,392	3,701,784	33.6
Profit before tax	5,021,912	3,739,745	34.3
Net profit attributable to shareholders of the parent company	1,206,219	752,480	60.3
Basic earnings per share (RMB/share)	0.078	0.048	62.5
Weighted average return on net assets (%)	2.24	1.42	An increased by 0.82 percentage point
Net cash flows generated from operating activities	10,515,888	17,638,541	-40.4
Net cash flows per share generated from operating activities (RMB/share)	0.68	1.13	-39.8

Notes:

1. During the Reporting Period, the Company continued to focus on its main responsibilities and core businesses, deepened its operations, maintained steady growth in its core businesses, and total operating profit and profit before tax and net profit attributable to shareholders of the Company and basic earnings per share all increased year-on-year.

2. During the Reporting Period, the net cash flow generated from operating activities decreased compared with the same period, mainly due to an increase in cash paid for purchasing goods and receiving services compared with the same period last year.



SHARE CAPITAL STRUCTURE

As at 31 December 2025	Number of shares	Approximate percentage of issued share capital
A shares	12,615,639,636	81.18%
H shares	2,924,482,000	18.82%
Total	15,540,121,636	100.00%

DISCLOSURE OF INTERESTS

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

The followings are interests and short positions of substantial shareholders as at 31 December 2025 as recorded in the register required to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance, Hong Kong ("SFO") and as to the knowledge of the Company:

Name of Substantial Shareholder	Class of shares	Identity	Note	Number of shares	Nature of Interest	Approximate percentage of shareholding in the relevant class of shares (%)	Approximate percentage of shareholding in the total issued share capital of the Company (%)
State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government	A	Interest of controlled corporation	1	7,294,225,094	Long position	57.82	46.94
	H	Interest of controlled corporation	1	313,642,000	Long position	10.72	2.02
Shanghai Electric Holding Group Co., Ltd.	A	Beneficial owner	1	6,400,435,385	Long position	50.73	41.19
	H	Beneficial owner	1	280,708,000	Long position	9.60	1.81
	H	Interest of controlled corporation	1,2	32,934,000	Long position	1.13	0.21
Shanghai State-owned Capital Investment Co., Ltd.	A	Beneficial owner	1	707,399,555	Long position	5.61	4.55
Shenergy (Group) Company Limited	A	Beneficial owner	1	186,390,154	Long position	1.48	1.20

Notes:

1. SEGC, Shanghai State-owned Capital Investment Co., Ltd. (上海國有資本投資有限公司) and Shenergy (Group) Company Limited (申能(集團)有限公司) were wholly owned by State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government (上海市國有資產監督管理委員會) and accordingly, their interests in the A shares and H shares of the Company were deemed to be the interests of State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government.

2. SEGC through its wholly-owned subsidiary, Shanghai Electric Group Hongkong Company Limited (上海電氣集團香港有限公司), held H shares of the Company.

Save as disclosed above, the Company is not aware of any other person having any interests or short positions in the shares or underlying shares of the Company as at 31 December 2025 required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2025, none of the directors or chief executives of the Company (as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules")) had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in the SFO), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise required to be notified by the directors or chief executives to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Hong Kong Listing Rules. In addition, no right to acquire the aforementioned interests had been granted to the directors or chief executives of the Company.



DIRECTORS, SENIOR MANAGEMENT AND STAFF

Changes in Shareholdings and Remuneration of Directors and Senior Management

Name	Position	Gender	Age	Term of office commencing on	Term of office ending on	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in the number of shares for the year	Total remuneration received from the Company during the Reporting Period (RMB in ten thousand) (before tax)
Wu Lei	Executive Director and chairman of the Board	Male	48	9 January 2024	25 January 2029				112.79
Zhu Zhaokai	Executive Director and president	Male	57	18 September 2018 (executive Director) 4 March 2025 (president)	25 January 2029				155.02
Wang Chenhao	Employee Director	Male	56	3 April 2025	25 January 2029				99.28
Zhu Yun	Non-executive Director	Female	53	24 March 2026	25 January 2029				
Zhu Jiaqi	Non-executive Director	Male	45	26 January 2026	25 January 2029				
Cao Qingwei	Non-executive Director	Male	55	24 March 2026	25 January 2029				
Liu Yunhong	Independent non-executive Director	Male	49	25 November 2020	24 November 2026 (note 1)				25
Du Zhaohui	Independent non-executive Director	Male	61	18 September 2024	25 January 2029				25
Chen Xinyuan	Independent non-executive Director	Male	61	15 December 2025	25 January 2029				2.08
Jin Xiaolong	Vice president	Male	58	18 September 2018	25 January 2029				107.26
Xiao Weihua	Vice president	Male	53	13 May 2024	25 January 2029				87
Jia Tinggang	Vice president	Male	52	13 May 2024	25 January 2029				87
Hu Xupeng	Vice president and secretary to the Board	Male	50	4 March 2025 (vice president) 26 August 2025 (secretary to the Board) (note 2)	25 January 2029				53
Qiu Jiayou	Vice president	Male	50	22 July 2025	25 January 2029				22.1

Name	Position	Gender	Age	Term of office commencing on	Term of office ending on	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in the number of shares for the year	Total remuneration received from the Company during the Reporting Period (RMB in ten thousand) (before tax)
Wei Xudong	Chief financial officer	Male	50	22 July 2025	25 January 2029				23.67
Zhang Yan	Chief auditor, general counsel and chief compliance officer	Female	50	13 May 2024 (chief auditor and chief compliance officer) 22 July 2025 (general counsel)	25 January 2029				124
Qiao Yiping	Chief operating officer	Male	57	22 July 2025	25 January 2029				51.04
Cheng Yan	Chief information officer	Female	48	5 March 2026	25 January 2029				
Dong Jianhua	Executive Director and vice president (resigned)	Male	60	18 September 2024 (executive Director) 18 September 2018 (vice president)	22 July 2025				85.03
Shao Jun	Non-executive Director (resigned)	Male	51	23 February 2024	26 January 2026				
Lu Wen	Non-executive Director (resigned)	Female	49	23 February 2024	24 March 2026				
Xu Jianxin	Independent non-executive Director (resigned)	Male	70	14 November 2019	15 December 2025				25
Yang Hong	Vice president (resigned)	Female	53	30 September 2020	22 July 2025				64.99
Fu Min	Chief financial officer and secretary to the Board (resigned)	Female	52	13 May 2024 (chief financial officer) 10 September 2024 (secretary to the Board)	22 July 2025				79.15
Tong Liping	Chief legal officer (resigned)	Female	54	18 September 2018	4 March 2025				22.17

Notes: 1. Dr. Liu Yunhong has served as an independent non-executive Director of the Company since 25 November 2020. In accordance with the provisions of laws, regulations and normative documents applicable in the place where the shares of the Company are listed that the continuous tenure of an independent non-executive director shall not exceed six years, his term of office as independent non-executive Director of the sixth session of the Board of the Company is from 26 January 2026 to 24 November 2026.

2. The 113th meeting of the fifth session of the Board of the Company held on 22 July 2025 approved the appointment of Dr. Hu Xupeng as the secretary to the Board. As Dr. Hu Xupeng did not obtain the training certificate for the secretary to the board of directors of the Main Board issued by the Shanghai Stock Exchange, Dr. Hu Xupeng temporarily performed the duties of the secretary to the Board. The appointment of Dr. Hu Xupeng was formally effective from 26 August 2025 on which Dr. Hu Xupeng acquired the training certificate for the secretary to the board of directors of the Main Board issued by the Shanghai Stock Exchange.

Major Work Experience

Wu Lei

Dr. Wu is currently the secretary of the Party Committee, an executive Director and chairman of the Board of the Company, the secretary of the Party Committee and chairman of the board of directors of SEGC, the chairman of the board of directors of SMEC, the chairman of the board of directors of Mitsubishi Electric Shanghai Mechanical & Electrical Elevator Co., Ltd. (三菱電機上海機電電梯有限公司), and a deputy to the 16th Shanghai Municipal People's Congress. Dr. Wu served as the deputy general manager of SAIC Motor Manufacturing Co., Ltd. (上汽汽車製造有限公司), assistant to chairman of SAIC Motor Corporation Limited (上海汽車集團股份有限公司), deputy general manager of Volkswagen Transmission (Shanghai) Co., Ltd. (大眾汽車變速器(上海)有限公司), executive director of the finance department of Shanghai Automotive Industry Corporation (Group) (上海汽車工業(集團)總公司), member of the disciplinary inspection committee and chief financial officer of Shanghai Automotive Industry Corporation (Group), vice president of SAIC Motor Corporation Limited, deputy head of planning department at the Ministry of Industry and Information Technology of China (國家工業和信息化部規劃司) (temporary post), deputy director of Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會), director of Shanghai Municipal Office of National Defense Science and Technology Industry (上海市國防科技工業辦公室) and executive deputy director of Shanghai Municipal Office of Commission for Integrated Military and Civilian and Development (上海市委軍民融合發展委員會辦公室) (Bureau-head level). Dr. Wu obtained a doctor's degree in management and is a professor-level senior engineer.

Zhu Zhaokai

Mr. Zhu currently serves as the deputy secretary of the Party Committee, an executive Director and the president of the Company, vice chairman of the board of directors of SEGC. Mr. Zhu served as the deputy secretary of the Party Committee and secretary of Commission for Discipline Inspection of the turbine factory of Shanghai Electric Power Generation Equipment Co., Ltd. (上海電氣電站設備有限公司汽輪機廠) and Shanghai Turbine Works Co., Ltd. (上海汽輪機廠有限公司), the secretary of the Party Committee and an executive director of the turbine factory of Shanghai Electric Power Generation Equipment Co., Ltd. and Shanghai Turbine Works Co., Ltd., the head of the human resources department of Shanghai Electric (Group) Corporation (上海電氣(集團)總公司), the secretary of the Party Committee of Shanghai Electric Power Generation Group (上海電氣電站集團), the chairman of labor union of the Company, the chairman of labor union of Shanghai Mechanical and Electrical Union (上海市機電工會), president of the Party School of Shanghai Electric (Group) Corporation and dean of Shanghai Electric Li Bin Technician College. Mr. Zhu graduated from Hefei University of Technology with a bachelor's degree in engineering and from Shanghai Jiao Tong University with a master's degree in business administration. Mr. Zhu is a professor-level senior economist.

Wang Chenhao

Mr. Wang is currently the deputy secretary of the Party Committee, employee Director, the chairman of the labor union of the Company, a director of SEGC, the chairman of the Shanghai Mechanical and Electrical Union, and the dean of Shanghai Electric Li Bin Technician College (Shanghai Smart Manufacturing Craftsman College). Mr. Wang served as the deputy secretary of the disciplinary committee, assistant to the secretary of the Party Committee, the head of the Party Committee office and the head of the supervision office of Shanghai Knitwear Import and Export Co., Ltd. (上海市針織品進出口有限公司), assistant to the head of human resources department, assistant to the head of integrated business department, the deputy head of the supervision office, the deputy head of the asset operation department and the deputy head of the Party Committee work department of Orient International (Holding) Co., Ltd. (東方國際(集團)有限公司), the general manager of Shanghai Orient International Asset Management Co., Ltd. (上海東方國際資產經營管理有限公司), the deputy secretary of the discipline inspection committee, the head of the Party Committee work department and the head of the supervision office of Orient International (Holding) Co., Ltd., the deputy secretary of the Party Committee, the secretary of the discipline inspection committee and the vice chairman of the supervisory committee of Shanghai Jiayun Group Co., Ltd. (上海交運集團股份有限公司), the supervision commissioner of the municipal supervision committee stationed at Shanghai Jiayun Group Co., Ltd., the secretary of the discipline inspection committee and member of the Party Committee of the Company, and the supervision commissioner of the municipal supervision committee stationed at the Company. Mr. Wang holds a bachelor's degree in laws and is a senior political engineer.

Zhu Yun

Ms. Zhu is currently a non-executive Director of the Company. Ms. Zhu served as deputy director of the Comprehensive Economic Audit Division at the Audit Bureau of Pudong New Area, Shanghai (上海市浦東新區審計局), deputy mayor of Gaoqiao Town, Pudong New Area, Shanghai, director of the Investment and Construction Audit Division (Resources and Environmental Protection Audit Division) at the Audit Bureau of Pudong New Area, Shanghai, deputy director of the Audit Bureau of Pudong New Area, Shanghai, mayor of Zhoupu Town, Pudong New Area, Shanghai, general manager and director of Shanghai Pudong Kechuang Group Co., Ltd. (上海浦東科創集團有限公司), deputy general manager of Shanghai S&T Venture Capital (Group) Co., Ltd. (上海科技創業投資(集團)有限公司), and chief auditor of Shanghai State-owned Capital Investment Co., Ltd. (上海國有資本投資有限公司). Ms. Zhu graduated from East China Normal University, holds a master's degree in public administration and is a senior auditor.

Zhu Jiaqi

Mr. Zhu is currently a non-executive Director of the Company, the deputy general manager (in charge of the work) of the investment management department and the deputy director of the hydrogen energy office of Shenergy (Group) Company Limited (申能(集團)有限公司). Mr. Zhu served as the deputy section chief of the mechanical section I of the mechanical department of East China Electric Power Design Institute, the assistant to chief design engineer and senior engineer of the power generation engineering management department of East China Electric Power Design Institute, the assistant to chief design engineer and chief design engineer of the market and project management department of East China Electric Power Design Institute Co., Ltd. (華東電力設計院有限公司), the deputy manager of the investment department of Shenergy Co., Limited (申能股份有限公司), the deputy general manager of Shanghai Waigaoqiao No.3 Power Plant Co., Ltd. (上海外高橋第三發電有限責任公司), the Party branch secretary and general manager of Shanghai Sheneng New Power Energy Storage R&D Co., Ltd. (上海申能新動力儲能研發有限公司), the general manager of Shanghai Sheneng Investment Development Co., Ltd. (上海申能投資發展有限公司), the deputy Party branch secretary of Shenergy New Energy, and the deputy general manager of the investment management department of Shenergy (Group) Company Limited. Mr. Zhu holds a master's degree in engineering and is a professor-level senior engineer.

Cao Qingwei

Mr. Cao currently serves as a non-executive Director of the Company, investment director of Shanghai State-owned Capital Investment Co., Ltd., executive director and general manager of Shanghai State-owned Capital Investment Sci-Tech Investment Co., Ltd. (上海國投科創投資有限公司), executive director of Shanghai Dingyu Henghe Enterprise Development Co., Ltd. (上海鼎昱恒和企業發展有限公司), executive director of Shanghai Puxin Hengyi Enterprise Development Co., Ltd. (上海浦新恒翊企業發展有限公司), executive director of Shanghai Pucheng Investment Development Co., Ltd. (上海浦誠投資發展有限公司), director of Shanghai International Port (Group) Co., Ltd. (上海國際港務(集團)股份有限公司), director of Shanghai International Airport Co., Ltd. (上海國際機場股份有限公司), director of China Marine Engineering Equipment Technology Development Co., Ltd. (中國海洋工程裝備技術發展有限公司), and director of China Fusion Energy Co., Ltd. (中國聚變能源有限公司). Mr. Cao served as deputy general manager of the Trading Department at Shanghai United Assets and Equity Exchange (上海聯合產權交易所), director of the Property Rights Management Office (Capital Operations Management Office) at the State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government (上海市國有資產監督管理委員會), and executive director and general manager of Shanghai Guotou Capital Management Co., Ltd. (上海國投資本管理有限公司). Mr. Cao graduated from Huazhong University of Science and Technology and holds a master's degree in business administration.

Liu Yunhong

Dr. Liu currently serves as an independent non-executive Director of the Company, the deputy head of the Institute of International M&A and Investment of Renmin University of China, the head of Foresea Life Insurance (Shanghai) Research Institute, an independent director of Sinolink Securities Co., Ltd. (國金證券股份有限公司), an independent director of Shanghai Rural Commercial Bank Co., Ltd. (上海農村商業銀行股份有限公司), doctoral supervisor of economic law at East China University of Political Science and Law. Dr. Liu served as the head of Legal and Compliance Division of Guotai Asset Management Co., Ltd. (國泰基金管理有限公司), did post-doctoral research work at the Shanghai Stock Exchange, served as general manager of investment banking department of Aerospace Securities Co., Ltd. (航天證券有限責任公司) and successively served as the general manager of the investment banking department and the assistant to president of Hwabao Securities Co., Ltd. (華寶證券有限責任公司). Dr. Liu graduated from Renmin University of China and obtained a doctorate degree in law, and is a postdoctoral fellow in economics and law and a research fellow.

Du Zhaohui

Dr. Du currently serves as an independent non-executive Director of the Company, the Distinguished Professor of the School of Mechanical and Power Engineering of Shanghai Jiao Tong University. Dr. Du is also the executive director of the Chinese Dynamic Engineering Society (中國動力工程學會), and chairman of the Shanghai Engineering Thermophysics Society (上海市工程熱物理學會). Dr. Du was a postdoctoral researcher and guest researcher at Tokyo University in Japan, Seoul National University in Korea, and the University of Illinois Urbana-Champaign in the U.S. and was the executive vice dean of the Graduate School and the secretary of the Party Committee and dean of the School of Mechanical and Power Engineering of Shanghai Jiao Tong University. Dr. Du is engaged in scientific and technological research and student cultivation in the field of power machinery, and has won the National Education Award twice, the Provincial and Ministerial Science and Technology Award three times, special allowances of the State Council, and has the title of Outstanding Academic Leader of Shanghai Municipality. Dr. Du graduated from Northwestern Polytechnical University and holds a doctorate degree in engineering.

Chen Xinyuan

Dr. Chen currently serves as an independent non-executive Director of the Company, a professor of accounting and the dean of the School of Advanced Accounting and Auditing at Shanghai University of Finance and Economics, is concurrently the director of the Guiding Committee on Education of Accounting of the Ministry of Education (教育部會計學教學指導委員會), the vice president of the Accounting Society of China (中國會計學會) and the president of the Accounting Society of Shanghai (上海市會計學會), and is currently an independent non-executive director of Semiconductor Manufacturing International Corporation (中芯國際集成電路製造有限公司). Dr. Chen was formerly the vice president and the dean of the School of Accounting at the Shanghai University of Finance and Economics. Dr. Chen has expertise in finance and accounting, auditing and risk management, and corporate governance. Dr. Chen has been awarded the honorary titles of the first Outstanding Faculty Award of the Ministry of Education, the National "May 1" Labour Medal, Shanghai Model Worker, Shanghai Outstanding Communist Party Member, etc., and has been selected in the national "New Century Talents Project". Dr. Chen graduated from Shanghai University of Finance and Economics with a master's degree and a doctorate degree in Economics (Accounting), and is a distinguished professor of the Ministry of Education's "Changjiang Scholars Program" and an expert with special allowances of the State Council.

Jin Xiaolong

Mr. Jin currently serves as a vice president of the Company, the chairman of the board of directors of Shanghai Electric Power Generation Group (上海電氣電站集團), a director of SEGCo and a director of CLP Combined Heavy Gas Turbine Technology Co., Ltd. Mr. Jin served as the secretary of the Party Committee and deputy general manager of Shanghai Faiverley Transport Co., Ltd., the secretary of the Party Committee and deputy general manager of Lingang Factory of Shanghai Electric Power Generation, the vice president of Shanghai Electric Power Generation Group, the executive director and the general manager of Shanghai Electric Wind Power Equipment Co., Ltd, the vice chairman and general manager of Shanghai Electric Wind Energy Co., Ltd. and Siemens Wind Power Turbines (Shanghai) Co., Ltd., the secretary of the Party Committee and the chairman of the board of directors of SEWP, the president and the deputy secretary of the Party Committee of Shanghai Electric Power Generation Group, person in charge of power station branch of Shanghai Electric Group Company Limited, the secretary of the Party Committee and the chairman of the board of directors of Shanghai Electric New Energy Development Co., Ltd. Mr. Jin graduated from Harbin Institute of Technology with a bachelor's degree in engineering and obtained a master's degree in business administration from Webster University. Mr. Jin is a professor-level senior economist.

Xiao Weihua

Mr. Xiao currently serves as the vice president of the Company, a director of Shanghai Shengyi Dianxing Enterprise Development Co., Ltd. and a director of Shanghai Lingang Economic Development (Group) Co., Ltd. (上海臨港經濟發展(集團)有限公司). Mr. Xiao served as the deputy general manager and chief financial officer of Shanghai Diesel Engine Co., Ltd., the deputy general manager, deputy secretary of the Party Committee and director of Shanghai Hino Generator Co., Ltd., the secretary of the Party Committee, deputy general manager and director of Shanghai Automation Instrumentation Co., Ltd., the general manager of the second management department of Shanghai Electric Assets Management Company Limited, the vice president of Shanghai Electric Heavy Industry Group, the general manager, executive director and deputy secretary of the Party Committee of Shanghai Heavy Machinery Plant Co., Ltd., the general manager of Shanghai Electric Communication Technology Co., Ltd., the secretary of the Party Committee and vice president of Shanghai Electric Environmental Protection Group, the secretary of the Party Committee of Shanghai Institute of Mechanical & Electrical Engineering Co., Ltd., the president and deputy secretary of the Party Committee of Shanghai Electric Transmission and Distribution Group, the vice chairman of the board of directors, president and deputy secretary of the Party Committee of Shanghai Electric Transmission and Distribution Group Co., Ltd., the chairman of the board of directors and president of Shanghai Electric Group Transmission and Distribution Equipment Company Limited, and the head of the industry development department of the Company. Mr. Xiao holds a bachelor's degree in engineering from Xi'an Jiaotong University and a master's degree in business administration from Fudan University and is a senior engineer.

Jia Tinggang

Dr. Jia currently serves as the vice president of the Company, chairman of the board of directors of Yinghe Technology, chairman of the board of directors of Shanghai Highly (Group) Co., Ltd., vice chairman of board of directors of AECC Commercial Aircraft Engine Co., Ltd. (中國航發商用航空發動機有限公司), a director of Shanghai Proton and Heavy Ion Center Co., Ltd. (上海質子重離子醫院有限公司), a director of AVIC Airborne Systems Co., Ltd. and a representative to the 16th Shanghai Municipal People's Congress. Dr. Jia served as the deputy secretary of the Party Committee and the deputy dean of Shanghai Electric Central Research Institute, the deputy secretary of the joint Party Committee of the automation division and the environmental protection division, the deputy head of the automation division, and the deputy head of the environmental protection division of Shanghai Electric, the general manager of SEC Power Generation Environment Protection Engineering Co., Ltd., the chairman of consultants committee of Germany Broetje Automation Co., Ltd., the vice president, secretary of the Party committee and president of Shanghai Electric Automation Group, the president of Shanghai Electric Railway Transportation Group, the head of railway transportation department of the Company, the secretary of the Party Committee and chairman of the board of directors of Shanghai Electric Automation Group Co., Ltd., vice chairman of the board of directors of Shanghai Fanuc Robots Co., Ltd., and vice chairman of the board of directors of Shanghai Fanuc Intelligent Machines Co., Ltd. Dr. Jia holds a doctorate degree in control science and engineering from East China University of Science and Technology and is a professor-level senior engineer.

Hu Xupeng

Dr. Hu currently serves as the vice president and secretary to the Board of the Company, secretary of the Party Committee and chairman of Shanghai Electric Finance Group, and a director of SEGC. Dr. Hu served as a prosecutor of the People's Procuratorate of Bengbu City, Anhui Province, a legal commissioner of the Asset Protection Department of Shanghai Pudong Development Bank, vice president, chief risk control officer, and secretary to the board of directors of Zhonghai Trust Co., Ltd., vice president of Shanghai Guotai Junan Securities Asset Management Co., Ltd., general manager of the Pledge Financing Department and Risk Management Department of Guotai Junan Securities Co., Ltd., and the deputy secretary of the Party Committee and president of Shanghai Electric Finance Group and the chief investment officer of Shanghai Electric. Dr. Hu graduated from East China University of Political Science and Law with a doctor's degree in laws.

Qiu Jiayou

Mr. Qiu currently serves as the vice president of the Company and the dean of Shanghai Electric Central Research Institute. Mr. Qiu served as the deputy head and head of the design department, assistant to the general manager, deputy general manager, general manager, executive director, and deputy secretary of the Party Committee of Shanghai Boiler Works Co., Ltd., head of the coal chemical equipment department and deputy head of the nuclear power department of Shanghai Electric (Group) Corporation, head of the chemical department of the Company, chief engineer, vice president, president, deputy secretary and secretary of the Party Committee of Shanghai Electric Power Generation Group. Mr. Qiu graduated from the National University of Singapore with a master's degree in engineering and is a professor-level senior engineer.

Wei Xudong

Mr. Wei currently serves as the chief financial officer of the Company, and a director of SEGC. Mr. Wei served as head of the finance section, assistant to the head, deputy head, and head of the finance department of Shanghai Turbine Generator Co., Ltd., head of the finance department, assistant to the president, vice president, and chief financial officer of Shanghai Electric Power Generation Group, head of the finance department and vice president of Shanghai Electric Power Generation Equipment Co., Ltd., secretary of the Party Committee and director of Shanghai Mechanical & Electrical Industry Co., Ltd., deputy secretary of the Party Committee, director and general manager (legal representative) of Shanghai Prime Machinery Company Limited, and head of the economic operations department of the Company. Mr. Wei graduated from Xi'an Jiaotong University and holds a Master of Professional Accounting from the Shanghai National Accounting Institute and The Chinese University of Hong Kong. Mr. Wei is a senior economist.

Zhang Yan

Ms. Zhang currently serves as the chief auditor, general counsel and chief compliance officer of the Company. Ms. Zhang served as senior officer, assistant to the head and deputy head of the investment management department of Shanghai Electric Assets Management Company Limited, deputy head of the financial budget department of Shanghai Electric (Group) Corporation, deputy head of office of the secretary to the Board, executive deputy head and head of the risk management department, head of the audit department, head of the supervisory committee office, head of the Board Office, head of the investor relations department, and head of the Group Office (Board Office) of the Company. Ms. Zhang graduated from East China University of Political Science and Law and holds an Executive Master of Business Administration from Shanghai National Accounting Institute and Arizona State University.

Qiao Yinping

Mr. Qiao currently serves as the chief operating officer of the Company, the secretary of the Party Committee and chairman of the board of SEWP and the chairman of the board of Shanghai Electric New Energy Development Co., Ltd. Mr. Qiao served as deputy secretary of the Party Committee, vice president and president of Shanghai Electric Power Generation Group, deputy secretary of the Party Committee, chairman of the board, and general manager of Shanghai Electric Group Shanghai Electric Machinery Co., Ltd., chairman of the board of Shanghai Electric Power Generation Equipment Co., Ltd., head of the economic operations department and industrial development department of the Company, director of Shanghai Electric Group Enterprise Services Co., Ltd. (上海電氣集團企業服務有限公司), and supervisor of AECC Commercial Aircraft Engine Co., Ltd. Mr. Qiao graduated from Huazhong University of Science and Technology.

Cheng Yan

Ms. Cheng is currently the Chief Information Officer and head of the digital and informatization department of the Company, and a director of Shanghai Electric Group Digital Technology Co., Ltd. (上海電氣集團數字科技有限公司). Ms. Cheng served as an assistant to the head, the deputy head (in charge of the work) and head of the information technology department of Shanghai Electric Power Generation Group (上海電氣電站集團) and Shanghai Electric Power Generation Equipment Co., Ltd. (上海電氣電站設備有限公司), the deputy head of the information management department and deputy head of the digital and informatization department of the Company, the executive director and general manager of Shanghai Electric Group Digital Technology Co., Ltd. (上海電氣集團數字科技有限公司), the vice president of Shanghai Electric Automation Group Co., Ltd. (上海電氣自動化集團有限公司), and secretary of the Party Committee and chairlady of Shanghai Automation Instrumentation Co., Ltd. (上海自動化儀錶有限公司). Ms. Cheng graduated from Hefei University of Technology and is a professorate senior engineer.

Employments with Shareholder Entities of the Company

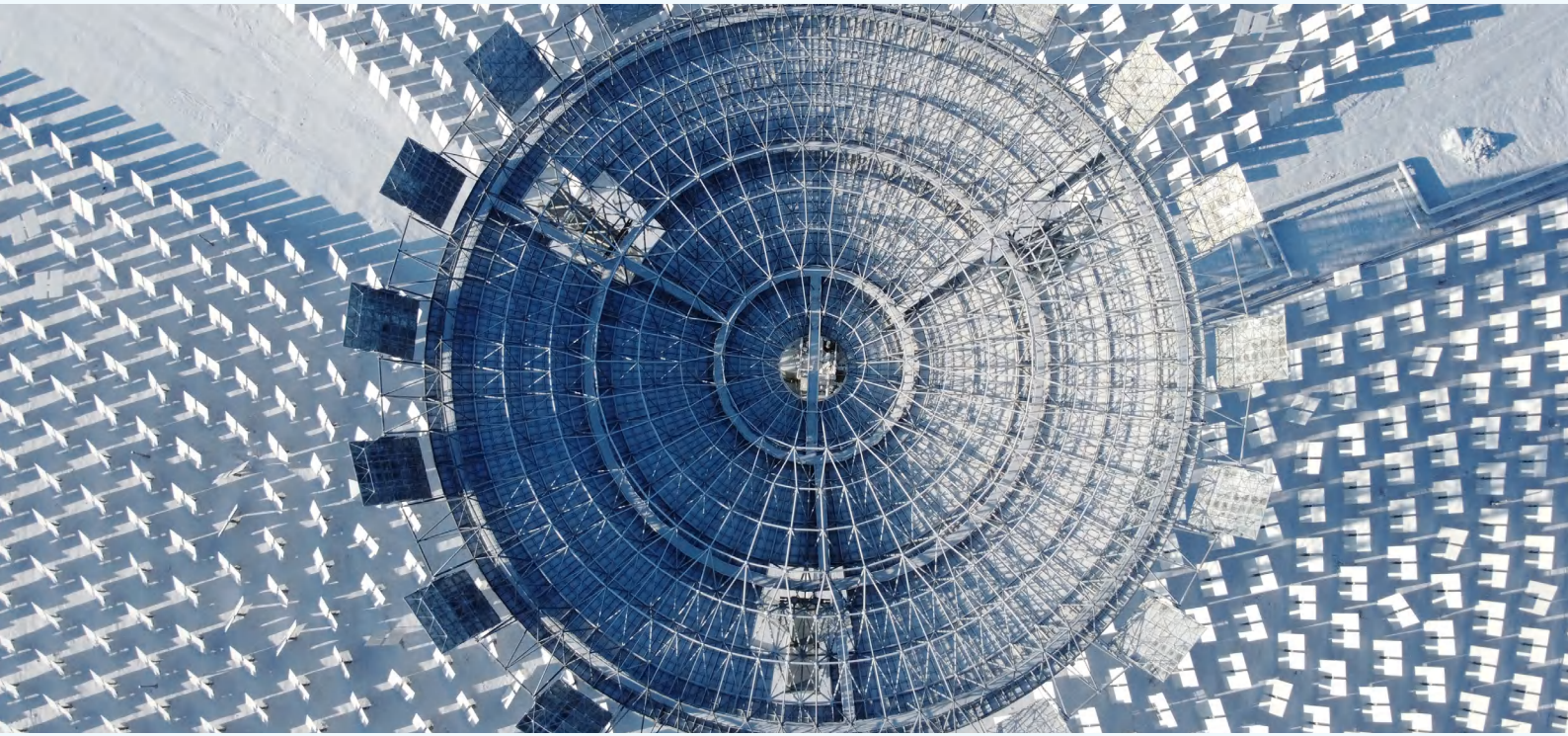
Name	Name of shareholder entities	Position	Term of office commencing on	Term of office ending on
Wu Lei	SEGC	Secretary of the Party Committee, chairman of the board of directors	2023-12	to present
Zhu Zhaokai	SEGC	Vice chairman of the board of directors	2025-12	to present
Wang Chenhao	SEGC	Director	2025-12	to present
Zhu Jiaqi	Shenergy (Group) Company Limited	Deputy general manager (in charge of the work) of the investment management department	2025-7	to present
Zhu Jiaqi	Shenergy (Group) Company Limited	Deputy director of the hydrogen energy office	2023-2	to present
Cao Qingwei	Shanghai State-owned Capital Investment Co., Ltd.	Investment director	2021-10	to present
Cao Qingwei	Shanghai State-owned Capital Investment Sci-Tech Investment Co., Ltd.	Executive director and general manager	2024-10	to present
Cao Qingwei	Shanghai Dingyu Henghe Enterprise Development Co., Ltd.	Executive director	2022-8	to present
Cao Qingwei	Shanghai Puxin Hengyi Enterprise Development Co., Ltd.	Executive director	2022-6	to present
Cao Qingwei	Shanghai Pucheng Investment Development Co., Ltd.	Executive director	2022-4	to present
Jin Xiaolong	SEGC	Director	2025-12	to present
Jia Tinggang	Shanghai Highly (Group) Co., Ltd.	Chairman of the board of directors	2025-7	to present
Hu Xupeng	SEGC	Director	2025-12	to present
Wei Xudong	SEGC	Director	2025-12	to present

Employments with Other Entities

Name	Name of other entities	Position	Term of office commencing on	Term of office ending on
Wu Lei	Mitsubishi Electric Shanghai Mechanical & Electrical Elevator Co., Ltd.	Chairman of the board of directors	2023-12	to present
Cao Qingwei	Shanghai International Port (Group) Co., Ltd.	Director	2023-6	to present
Cao Qingwei	Shanghai International Airport Co., Ltd.	Director	2021-12	to present
Cao Qingwei	China Marine Engineering Equipment Technology Development Co., Ltd.	Director	2025-6	to present
Cao Qingwei	China Fusion Energy Co., Ltd.	Director	2025-6	to present
Liu Yunhong	the Institute of International M&A and Investment of Renmin University of China	Deputy head	2016-5	to present
Liu Yunhong	Foresea Life Insurance (Shanghai) Research Institute	Head	2019-6	to present
Liu Yunhong	Sinolink Securities Co., Ltd.	Independent director	2022-6	to present
Liu Yunhong	Shanghai Rural Commercial Bank Co., Ltd.	Independent director	2024-1	to present
Du Zhaohui	Shanghai Jiao Tong University	Distinguished Professor of the School of Mechanical and Power Engineering	2014-5	2034-10
Chen Xinyuan	Shanghai University of Finance and Economics	Professor of accounting	1996-6	to present
Chen Xinyuan	Shanghai University of Finance and Economics	Dean of the School of Advanced Accounting and Auditing	2025-4	to present
Chen Xinyuan	Semiconductor Manufacturing International Corporation	Independent non-executive director	2024-11	to present
Jin Xiaolong	CLP Combined Heavy Gas Turbine Technology Co., Ltd.	Director	2024-4	to present
Xiao Weihua	Shanghai Shengyi Dianxing Enterprise Development Co., Ltd.	Director	2024-6	to present
Xiao Weihua	Shanghai Lingang Economic Development (Group) Co., Ltd.	Director	2024-4	to present
Jia Tinggang	AECC Commercial Aircraft Engine Co., Ltd.	Vice chairman of board of directors	2024-7	to present
Jia Tinggang	Shanghai Proton and Heavy Ion Center Asset Management Co., Ltd.	Director	2024-4	to present
Jia Tinggang	AVIC Airborne Systems Co., Ltd.	Director	2024-9	to present

Remunerations of Directors and Senior Management

Procedures for determining the remunerations of Directors and senior management	The remunerations of our Directors are determined in general meeting, while the remunerations of our senior management are determined by the Board of the Company.
Should directors abstain from the discussion of the Board regarding their own compensations	Yes
The recommendations made by the Remuneration Committee regarding remunerations of Directors and senior management	<p>At the second meeting of the Remuneration Committee of the Company in 2025, the Resolution of Proposing to General Meeting to Authorize the Board of Directors to Confirm the Remuneration for Directors of the Company for 2024 and Approve the Remuneration Limit for Directors of the Company for 2025 and the Resolution on Confirming the Remuneration for the Senior Management of the Company for 2024 and Approve the Remuneration Limit for Senior Management of the Company for 2025 were reviewed and approved, and it's considered that the remuneration for the senior management during the year of 2024 was in line with the relevant requirements of the supervising authority.</p> <p>At the second meeting of the Remuneration Committee of the Company in 2026, the Resolution of Proposing to General Meeting to Authorize the Board of Directors to Confirm the Remuneration for Directors of the Company for 2025 and Approve the Remuneration Scheme for Directors of the Company for 2026 and the Resolution on Confirming the Remuneration for the Senior Management of the Company for 2025 and Approve the Remuneration Scheme for Senior Management of the Company for 2026 were reviewed and approved, and it's considered that the remuneration for the senior management during the year of 2025 was in line with the relevant requirements of the supervising authority.</p>
Basis for determining the remunerations of Directors and senior management	The remunerations of the Directors receiving remuneration from the Company are determined based on a number of factors, such as the operating results of the Company, their responsibilities, performance and market conditions. The remuneration of the Company's relevant senior management is implemented in accordance with the Proposal on the Compensation Reform Scheme for Professional Managers of Shanghai Electric for 2025-2026, which was reviewed and approved at the 117th meeting of the fifth session of the Board of Directors of the Company.
Remunerations paid to Directors and senior management	Remunerations were paid to the Directors and senior management receiving remuneration from the Company based on their respective entitlement.
Total actual remunerations received by all Directors and senior management up to the end of Reporting Period	RMB12,505.8 thousand
Basis for assessment and completion status of the remuneration actually received by all Directors and senior management as at the end of the Reporting Period	During the Reporting Period, the Company entered into assessment task letters with the relevant Directors and senior management, under which all performance indicators were fully aligned with those applicable to the legal representative. The Company conducted annual or term-based assessments of the relevant Directors and senior management in accordance with the assessment task letters.
Deferred payment arrangements for the remuneration actually received by all Directors and senior management as at the end of the Reporting Period	During the Reporting Period, the performance-based annual salary of the relevant Directors and senior management of the Company was paid on a deferred basis in accordance with the requirements of the supervisory authority.
Suspension and clawback of the remuneration actually received by all Directors and senior management as at the end of the Reporting Period	No such circumstances occurred during the Reporting Period.



Changes in Directors and Senior Management of the Company

Name	Position	Change	Reason for the change
Zhu Zhaokai	President	Appointed	Work requirements
Wang Chenhao	Employee Director	Elected	Work requirements
Zhu Yun	Non-executive Director	Elected	Work requirements
Zhu Jiaqi	Non-executive Director	Elected	Work requirements
Cao Qingwei	Non-executive Director	Elected	Work requirements
Chen Xinyuan	Independent non-executive Director	Elected	Work requirements
Hu Xupeng	Vice president and secretary to the Board	Appointed	Work requirements
Qiu Jiayou	Vice president	Appointed	Work requirements
Wei Xudong	Chief financial officer	Appointed	Work requirements
Zhang Yan	General counsel	Appointed	Work requirements
Qiao Yinping	Chief operating officer	Appointed	Work requirements
Cheng Yan	Chief information officer	Appointed	Work requirements
Dong Jianhua	Executive Director and vice president	Resigned	Age concern
Shao Jun	Non-executive Director	Resigned	Board transition
Lu Wen	Non-executive Director	Resigned	Work reassignment
Xu Jianxin	Independent non-executive Director	Resigned	Service tenure
Yang Hong	Vice president	Resigned	Work reassignment
Fu Min	Chief financial officer and secretary to the Board	Resigned	Work reassignment
Tong Liping	Chief legal officer	Resigned	Work reassignment

Employees

The Company has realized the diversity of all employees (including senior management) in terms of gender, age, cultural and educational background, professional experience, skills and knowledge.

	Number of persons
Number of current employees of the Company	153
Number of current employees of the major subsidiaries	42,921
Total number of current employees	43,074
Number of retired employees for whom the Company and its major subsidiaries are responsible for the retirement benefits	441

Categories by function	Number of persons
Production personnel	18,841
Sales personnel	3,245
Technical personnel	14,306
Financial personnel	1,085
Administrative personnel	5,597

Categories by education level	Number of persons
Postgraduate and above	5,111
Undergraduate	18,293
Tertiary education	8,680
Secondary education and below	10,990

Categories by gender	Number of persons
Male	34,634
Female	8,440

Remuneration Policy

The Company has established and improved a comprehensive system which synchronizes enterprise operating efficiency and the increase of employees' salaries with the improvement in labor productivity; and has reasonably determined the level of wage increase of the Company and the wages adjustment of employees of various work positions. As for employee's salary income, while taking into account the internal fairness, the Company adheres to the performance-oriented approach by taking the performance target as the foundation, strengthening the rigid assessment, and deducting the performance salary as required for those who fail to pass the annual assessment, so as to reasonably widen the salary gap. In the event of binding matters including receiving party and government disciplinary punishment for violation of discipline and law, we strictly implement salary deductions, and recover salary if necessary. Besides, the Company constantly insists on the general requirement of "Dual Inclination, Dual Care" and implements policies that tilted towards talents who have made outstanding contributions and frontline positions.

Training Program

During the Reporting Period, the Company, following the strategy of the Group, adhered to the demand-oriented approach and proceeded with the establishment of training system and training base. We emphasized training for core employees, especially for leading cadres and strategically needed talent, and promoted staff training on a full coverage basis, so as to boost the business development of the Group and enhance the value of human capital.

Labor Outsourcing

Total remuneration paid for labor outsourcing

RMB126 million

Service Contracts with Directors

None of the Directors of the Company has entered into any service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Transactions, Arrangements or Contracts of Significance

During the year, none of the Directors or any of their respective associates had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party.

Management Contracts

During the Reporting Period, the Company did not have any subsisting contract (except the service contracts entered into with any Directors or full-time employees of the Company) under which any individual or entity undertakes the management and administration of the whole or any substantial part of the business of the Company.

Permitted Indemnity Provision

The Company has maintained appropriate insurance coverage for Directors and senior management's liabilities in respect of potential legal actions against its Directors and senior management arising out of the business activities of the Company.

Share Incentive Scheme

During the Reporting Period, there are no existing effective share incentive schemes of the Company.



CORPORATE GOVERNANCE REPORT

The Board of the Company firmly believes that corporate governance is essential to the success of the Company and has adopted various measures to establish a listed corporation with high level of transparency in corporate governance and an excellent performance in operation.

The Company will periodically review and update the existing practices to keep abreast of the latest developments in corporate governance.

Corporate Culture

The Company has established a corporate culture concept system that includes mission, vision, core values and spiritual spectrum. With "empower global industry, make life smarter" as its mission, the Company is committed to "becoming a world-class equipment group leading the industrial development".

Based on high-end equipment industry, we focus on energy equipment, industrial equipment and integration services to promote the high-quality development of Chinese and global industries with technological empowerment. We provide not only leading high-end equipment, technologies and services, but also green, low-carbon and smart solutions that meet diverse needs, in order to make life smarter.

We are committed to being a maker of important instruments of the state by focusing on high-end equipment as our main responsibilities and main business, undertaking the important task of national industry development and concentrating efforts on high-quality development. We are committed to

being a leader of technological innovation by leading the trend of industrial innovation with science and technology to achieve industrial intelligence and service industrialization. We are committed to being a practitioner of green and low-carbon development by firmly implementing the dual-carbon goals and promote green and low-carbon development across the industry. We are committed to being a creator of smarter life by creating green and sustainable value for a better life of humankind with smart solutions.

Model Code for Securities Transactions by Directors

The Company has adopted the code provisions set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 of the Hong Kong Listing Rules in relation to dealings in the shares of the Company by the Directors of the Company, and all Directors of the Company confirmed that they have complied with the requirements set out in the Model Code throughout the year 2025. The Company is not aware of any breach of the Model Code by any of its employees.

Board of Directors

As of the date of this report, the Board comprised nine Directors, including three executive Directors, namely Dr. Wu Lei, Mr. Zhu Zhaokai and Mr. Wang Chenhao (appointed on 3 April 2025); three non-executive Directors, namely Ms. Zhu Yun (appointed on 24 March 2026), Mr. Zhu Jiaqi (appointed on 26 January 2026) and Mr. Cao Qingwei (appointed on 24

March 2026); and three independent non-executive Directors, namely, Dr. Liu Yunhong, Dr. Du Zhaohui and Dr. Chen Xinyuan (appointed on 15 December 2025). Among them, Mr. Wang Chenhao, Ms. Zhu Yun, Mr. Zhu Jiaqi, Mr. Cao Qingwei and Dr. Chen Xinyuan, who are directors newly appointed since 2025, have confirmed their acknowledgment of their obligations as directors of a listed company and have obtained legal advice prior to effective date of the appointment as required under Rule 3.09D of the Hong Kong Listing Rules on 2 April 2025, 24 March 2026, 26 January 2026, 24 March 2026 and 31 October 2025, respectively. Mr. Dong Jianhua resigned as executive Director on 22 July 2025, Mr. Shao Jun resigned as non-executive Director on 26 January 2026, Ms. Lu Wen resigned as non-executive Director on 24 March 2026, and Dr. Xu Jianxin resigned as independent non-executive Director on 15 December 2025. During the Reporting Period, the number of independent non-executive Directors represented no less than one-third of the total number of Directors.

Members of the Board have different professional backgrounds with expertise in various aspects such as corporate management, technology development, financial management, strategic investment and human resources management. Their biographical particulars are set out in the section headed "Directors, Senior Management and Staff" of this annual report.

The independent non-executive Directors of the Company are aware of the rights and obligations of directors and independent non-executive directors of listed companies. During the Reporting Period, the independent non-executive Directors attended the Board meetings in prudent, responsible, proactive and earnest manner. Fully leveraging on their experience and expertise, they made tremendous efforts in improving corporate governance and facilitating major decision-making process, expressed fair and objective opinions on matters concerning significant events and connected transactions of the Company, enhanced the scientific development and standardization of the Board's decision-making process and safeguarded interests of the Company and its shareholders as a whole effectively.

Each of the independent non-executive Directors has confirmed his independence with the Company as required under Rule 3.13 of the Hong Kong Listing Rules annually. The Company has received the annual

confirmations of their independence from such Directors. After assessment of their independence with reference to the independence criteria set out in Rule 3.13 of the Hong Kong Listing Rules, the Company considered them independent in 2025.

Rights and duties of the Board and the management have been clearly specified in the Articles of Association to ensure adequate check and balance for sound corporate governance and internal controls. The Board formulates overall development strategies of the Group, monitors its financial performance and maintains effective supervision over the management. Members of the Board act in an effort to maximize the long-term interests of shareholders and achieve business goals and development direction of the Group amidst the prevailing economic and market conditions. The management is responsible for daily operation and management. The management of the Company, under the leadership of the President, is responsible for implementing various resolutions made by the Board and organizing daily operation and management of the Company.

Every member of the Board has the right to access documents and relevant materials of the Board, to consult the Company Secretary and the Secretary to the Board on regulatory and compliance matters and to seek external professional advice when necessary to ensure independent views and input are available to the Board. The Company Secretary and the Secretary to the Board advise all Directors on the requirements under the Hong Kong Listing Rules and other applicable provisions to ensure the Company's compliance with and maintenance of excellent corporate governance. The Board believes that the implementation of the above mechanisms during the Reporting Period is effective.

Apart from the working relationship in the Company, there was no financial, operational, familial or other material relationship among the Directors and senior management.

The Company attaches great importance to the continuous training of its Directors on various areas. During the Reporting Period, the Company has updated Directors on the latest regulations in aspects such as business, law and finance in order to enhance their professional knowledge on a continuous basis.



Attendance record of Directors at board meetings and general meetings during the Reporting Period

Name of Director	Independent Non-executive Director	Attendance at Board meetings						Attendance at general meetings
		Required attendance in Board meetings during the year	Attendance in person	Attendance via other communication means	Attendance by proxy	Absence	Absence for two consecutive meetings in person	Attendance record at general meetings
Wu Lei	No	13	13	11	0	0	No	0
Zhu Zhaokai	No	13	13	11	0	0	No	3
Wang Chenhao	No	8	8	7	0	0	No	1
Liu Yunhong	Yes	13	13	12	0	0	No	4
Du Zhaohui	Yes	13	13	11	0	0	No	4
Chen Xinyuan	Yes	1	1	1	0	0	No	0
Dong Jianhua	No	9	9	8	0	0	No	0
Shao Jun	No	13	13	13	0	0	No	0
Lu Wen	No	13	13	12	0	0	No	0
Xu Jianxin	Yes	12	12	10	0	0	No	3

Number of Board meetings convened during the year	13
Of which: number of on-site meetings	0
Number of meetings convened via other communication means	11
Number of on-site meetings assisted by other communication means	2

Corporate Governance Functions

During the Reporting Period, the Board of the Company performed the following functions: to formulate and review the Company's policies and practices on corporate governance and make recommendations; to review and monitor the training and continuous professional development of Directors and senior management; to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; to develop, review and monitor the ethics and compliance of employees and Directors; and to review the Company's compliance with the code provisions and disclosure in the Corporate Governance Report.

During the Reporting Period, the Board was of the view that the Company has complied with all applicable provisions of Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules (the "Code"), except for the deviation from requirements of code provision F.1.3. Pursuant to code provision F.1.3, the chairman of the board should attend the annual general meeting. As Dr. Wu Lei, the chairman of the Board and the executive Director of the Company, was unable to attend the 2024 annual general meeting due to business arrangements, Mr. Zhu Zhaokai, an executive Director of the Company, chaired and presided over the 2024 annual general meeting. During the Reporting Period, the roles of the chairman of the Board and the president of the Company were separated and performed by different individuals. The chairman of the Board of the Company was assumed by one person, who was mainly responsible for the strategic decisions of the Company. The president of the Company was assumed by another person, who was fully responsible for the daily operation and execution of the Company, and a temporary vacancy was arisen in the position of president due to the resignation of the former executive Director and president. The Company considered that: the roles and responsibilities of the Board and the management were clear and there was no concentration of management power.

Strategy Committee

The strategy committee of the Board of the Company (the "Strategy Committee") currently comprises Dr. Wu Lei, Mr. Zhu Zhaokai (appointed on 4 March 2025), Dr. Du Zhaohui and Dr. Chen Xinyuan (appointed on 15 December 2025), and is chaired by Dr. Wu Lei. Dr. Xu Jianxin, former member of the Strategy Committee, resigned on 15 December 2025.

No meeting was held by the Strategy Committee during the Reporting Period.

Audit Committee

The audit committee of the Board of the Company (the "Audit Committee") is mainly responsible for reviewing and overseeing the risk management of the Company, financial reporting procedures and internal control system, reporting the results of such review and making recommendations to the Board, and overseeing as well as assessing the establishment of sound risk management system of the Company and the completeness and effectiveness of its implementation on a regular basis in accordance with the requirements in relation to corporate risk management under Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules. The Audit Committee is also responsible for reviewing the quarterly, interim and annual financial statements, the appointment of and remuneration for auditors. The Audit Committee currently comprises Dr. Chen Xinyuan (appointed on 15 December 2025), Dr. Liu Yunhong, Dr. Du Zhaohui, independent non-executive Directors, and Ms. Zhu Yun (appointed on 24 March 2026), a non-executive Director. The chairman of the Audit Committee is Dr. Chen Xinyuan, and the deputy chairlady of the Audit Committee is Ms. Zhu Yun. Dr. Xu Jianxin, former chairman of the Audit Committee, and Mr. Shao Jun, former member of the Audit Committee, resigned on 15 December 2025 and 26 January 2026, respectively.

Seven meetings were held by the Audit Committee during the Reporting Period. At these meetings, the Audit Committee has reviewed and overseen the risk management, financial reporting procedures and internal control system of the Company, reported its results of review and made recommendations to the Board. The Audit Committee has also reviewed the quarterly, interim and annual financial reports of the Company, the appointment of and remuneration for auditors, discussed the audit plan and progress with auditors and listened to the report on the internal audit of the Company given by the internal audit department.

Attendance record of committee members at the meetings of the Audit Committee during the Reporting Period

Name of Audit Committee Member	Actual attendance/ attendance required
Chen Xinyuan (Chairman of the Committee)	0/0
Zhu Yun (Deputy chairlady of the Committee)	0/0
Liu Yunhong	7/7
Du Zhaohui	7/7
Xu Jianxin (Former chairman of the Committee)	7/7
Shao Jun (Former member of the Committee)	3/7

Nomination Committee

The nomination committee of the Board of the Company (the "Nomination Committee") is mainly responsible for reviewing and making recommendations to the Board and the general meeting of the Company on the selection of candidates as the Directors and senior management of the Company, the selection criteria and procedures. The Nomination Committee currently comprises Dr. Du Zhaohui, Mr. Wang Chenhao (appointed on 28 May 2025), Ms. Zhu Yun (appointed on 24 March 2026), Dr. Liu Yunhong (appointed on 28 May 2025) and Dr. Chen Xinyuan (appointed on 15 December 2025) and is chaired by Dr. Du Zhaohui. Mr. Zhu Zhaokai, Ms. Lu Wen (appointed on 28 May 2025) and Dr. Xu Jianxin, former members of the Nomination Committee, resigned on 4 March 2025, 24 March 2026 and 15 December 2025, separately.

The Company has formulated the "Board Diversity Policy of Shanghai Electric Group Company Limited", which includes the requirements of compliance with relevant laws, regulations and the Articles of Association by candidates for Directors of the Company to ensure effective discussions at the Board and enable the Board to make scientific, prompt and careful decisions. The Nomination Committee will select the candidates for Directors based on objective criteria, which contain certain diversified factors, including but not limited to, gender, age, cultural and education background, locality, professional experience, skills, knowledge and terms of office of the candidates for Directors and other regulatory requirements; the degree of suitability of the professional background and skills of the candidates for Directors with the business features and future development requirements of the Company. As of the date of this report, one of the nine members of the Board of the Company was woman, accounting for 11.1%, which is complied with provision 13.92 of the Hong Kong Listing Rules, and the gender diversity was well achieved.

Four meetings were held by the Nomination Committee during the Reporting Period, at which candidates for Directors and Board transition and change of senior management were considered.

Attendance record of committee members at the meetings of the Nomination Committee during the Reporting Period

Name of Nomination Committee Member	Actual attendance/ attendance required
Du Zhaohui (Chairman of the Committee)	4/4
Wang Chenhao	3/3
Zhu Yun	0/0
Liu Yunhong	3/3
Chen Xinyuan	1/1
Zhu Zhaokai (Former member of the Committee)	1/1
Lu Wen (Former member of the Committee)	3/3
Xu Jianxin (Former member of the Committee)	3/3

Remuneration Committee

The remuneration committee of the Board of the Company (the "Remuneration Committee") is mainly responsible for making recommendations to the Board regarding the formulation of a proper and transparent procedure for the overall remuneration policy and structure for Directors and senior management of the Company. The Remuneration Committee currently comprises Dr. Du Zhaohui, Dr. Liu Yunhong and Dr. Chen Xinyuan (appointed on 15 December 2025), and is chaired by Dr. Du Zhaohui. Dr. Xu Jianxin, former member of the Remuneration Committee, resigned on 15 December 2025.

Five meetings were held by the Remuneration Committee during the Reporting Period, at which the issues considered were the remuneration proposal for the Directors and the senior management of the Company and proposal on professional managers' assessment and performance-based compensation. The Remuneration Committee has been delegated to determine the specific remuneration packages of all executive Directors and senior management.

Attendance record of committee members at the meetings of the Remuneration Committee during the Reporting Period

Name of Remuneration Committee Member	Actual attendance/ attendance required
Du Zhaohui (Chairman of the Committee)	5/5
Liu Yunhong	5/5
Chen Xinyuan	1/1
Xu Jianxin (Former member of the Committee)	4/4



Directors' and Auditors' Responsibilities for Accounts

The Directors of the Company acknowledge their responsibilities for the preparation of financial reports for each financial year, which shall give a true and fair view of the financial position, the results and cash flows of the Group for that financial year. In preparing the financial report for the year ended 31 December 2025, the Directors have selected and consistently applied suitable accounting policies, made judgements and estimates that are prudent and reasonable, and have prepared the financial report on a going concern basis. The Directors are responsible for keeping proper accounting records which reasonably and truthfully disclose the financial position of the Group at any time.

Senior Management

As at the date of this report, the Company has ten senior management members in total, namely Mr. Zhu Zhaokai, Mr. Jin Xiaolong, Mr. Xiao Weihua, Dr. Jia Tinggang, Dr. Hu Xupeng, Mr. Qiu Jiayou, Mr. Wei Xudong, Ms. Zhang Yan, Mr. Qiao Yinping and Ms. Cheng Yan. The details of their duties, biographical details and remuneration are set out in the section headed "Directors, Senior Management and Staff". Two members of the Company's senior management were women, accounting for 20% of the total number of senior management, and gender diversity has been well achieved.



Risk Management and Internal Controls

According to the related requirements set out in the Corporate Governance Code in Appendix C1 to the Hong Kong Listing Rules, the Company has established comprehensive risk management and internal control systems, including a system with a proper structure and organization and a system with relevant standards and relevant management principles for risk management and internal controls, to continually implement for risk management and internal controls. The Company is of the view that such systems are basically effective and adequate. The intention of the establishment of such a risk management and internal control system is to enhance the management and operation of the Company as far as scientific approach for decision making proper compliance with governing rules and regulations as well as its effectiveness are concerned. The system should also help to increase the risk control capability and ensure the continuous, stable and healthy development of all kinds of businesses of the Company. However, this is only a reasonable rather than an absolute guarantee against material untruthful representation or losses, as the intention is to manage instead of eliminating the risk of not achieving the business targets.

The Board acknowledges that it has the responsibility to review the risk management and internal control systems of the Company and to assess the effectiveness of such systems through the Audit Committee at least once every year. The Board of the Company and the Audit Committee oversee and evaluate the completeness and effectiveness in relation to the design and implementation of the risk management and internal control systems, as well as review and approve the mid-to-long-term planning, annual audit plan as well as evaluation report on risk management and internal control evaluation report. The management of the Company is responsible for the establishment and improvement of the risk management and internal control systems of the Company, the review of working plans and annual report on risk management and internal controls. The risk management and internal control department of the Company is responsible for the design and establishment of the risk management and internal control systems, as well as annual organization of risks identification, evaluation and remedial measures and report, so as to promote execution of the internal controls and optimization of the system procedures. The audit department of the Company is responsible for regular evaluations of the effectiveness of risk management and internal controls, as well as the appointment of accounting firms to conduct financial reporting internal control audit, so as to identify potential risks and internal control defects in a timely manner, ensure that the relevant operational departments and subsidiaries implemented rectification measures and the effective operation of the risk management and internal controls system of the Company.

In respect of the identification, assessment, management procedures and business processes that are exposed to possible material risks, the Company has established basically-complete relevant internal control measures and systems and procedures, such as management and internal control on key work flows including the preparation and disclosure of financial reports and processing and announcement of inside information. Regular internal control measures were established through specific procedures to prevent risks in key segments and reduce the impacts of risks. In terms of the disclosure of inside information, the Company has established standardized control procedures to collect, organize, validate, review and disclose information. The Company will ensure that the information is kept confidential before it is fully disclosed to the public. For information that is difficult to keep confidential, the Company will disclose it in a timely manner to protect the benefit of investors and stakeholders.

During the Reporting Period, the Company continued to optimize its risk management and internal control systems, and improved and implemented the risk assessment, response and reporting mechanism of the Company. In 2025, under the leadership of the risk prevention and control leadership team and

working group, the Company continuously enhanced the overall coordination of the Company's risk prevention and control work and various risk prevention and control work were promoted in a steady and orderly manner. The Company insisted on conducting regular risk checks, implementing annual risk evaluation, strengthening prediction and analysis of trend and emerging risks, formulating countermeasures and prevention and control measures, improving the monitoring and reporting mechanisms for major risks, improving risk control responsibilities through tiered and categorized approaches. Meanwhile, the Company attached importance to sum-up and reflection on historical risk events, and improved the internal control process by inferring other things from one fact, conducted regular inspections of the implementation of the internal control system, and promoted the publicity and implementation of the Internal Control Manual (《内部控制手冊》) and the internal control processes in its subsidiaries, thus to ensure the normal operation and development of the Company.

The internal audit department oversees and evaluates the effectiveness of the implementation of the risk management and internal control system, prepares the plan for evaluation work, calls for qualified personnel with professional capability to form the evaluation team and conducts evaluation for the risk management and internal controls of the Company. It makes warnings and rectification suggestions on risks and internal control deficiencies identified, urges for remedial actions to cope with risks and to rectify systems for deficiencies identified, prepares the risk management evaluation report and the internal control evaluation report and submits the reports to the Audit Committee and the Board of the Company for consideration, so as to enhance the effectiveness of the risk management and internal controls of the Company on an ongoing basis.

The Company appoints accounting firms to conduct financial reporting internal control audit every year, so as to identify internal control deficiencies in a timely manner, urge the relevant operational departments and subsidiaries to implement rectification measures and ensure the effective operation of the internal controls of the Company. According to the relevant rules, the Company appointed Ernst & Young Hua Ming LLP to conduct auditing on the effectiveness of the internal controls in relation to financial reporting of the Company for 2025, for which an internal control audit report of internal control opinions for the financial report that has maintained effective in all material aspects was issued.

The Company consistently adheres to the principle of honesty and integrity in business operation, adopts a zero-tolerance policy for any violations against business ethics and anti-corruption regulations. In order to detect corrupt practices in a timely manner, the Company has established various reporting channels, including telephone reporting and on-site reporting, to obtain clues from internal and external parties.

General Meetings

The General Meeting is the highest authority of the Company which performs its duties according to laws and makes decisions on major issues of the Company. Annual general meetings or extraordinary general meetings of the Company are direct communication channels between the Board and the shareholders of the Company. Therefore, the Company attaches great importance to general meetings and encourages all shareholders to attend and express their opinions at the meetings. Shareholders may convene an extraordinary general meeting and make proposals on the meeting in accordance with Articles 61 and 84 of the Articles of Association.

In order to fully implement laws, regulations and regulatory requirements, and to further enhance the level of corporate governance, according to the provisions of the Company Law of the People's Republic of China (the "Company Law"), the Guidelines for the Articles of Association of Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Guidance No.1 of Shanghai Stock Exchange for Self-regulation of Listed Companies – Standardised Operation and other relevant laws, regulations and normative documents, and taking into account the actual situation of the governance reform of the Company, the Company decided to abolish the supervisory committee, with the Audit Committee of the Board exercising the powers and functions of the supervisory committee as stipulated in the Company Law, make amendments to the Articles of Association of the Company, the Rules of Procedure for the General Meeting and the Rules of Procedure for the Board of Directors as annexed hereto, and repeal the Rules of Procedure for the Supervisory Committee. The above proposal was approved at the 2025 first extraordinary general meeting of the Company held on 8 August 2025. The latest version of the Articles of Association has been published on the websites of the Company and the Stock Exchange.



Communications with Shareholders

The Shareholders' Communication Policy sets out, among other things, the Company's means of communication with the Shareholders with the aim of ensuring that both individual and institutional Shareholders are given timely access to accurate, clear and balanced information to enable them to exercise their rights in an informed manner and to engage actively with the Company. The Board has reviewed the implementation of the Shareholders' Communication Policy during the year ended 31 December 2025. Having considered the active engagement by the Company with the Shareholders via the different means in accordance with the Policy, the Board is satisfied that the Shareholders' Communication Policy continues to be effective.

The Company releases its announcements, financial data and other relevant materials on its website, which serves as a channel facilitating effective communication with investors. The shareholders may send any enquiry in writing to the Company's principal place of business in Hong Kong. The Company will properly handle all enquiries in time.

Company Secretary

As of the issuance date of this report, Dr. Hu Xupeng and Ms. Leung Kwan Wai acted as joint company secretaries of the Company. Ms. Leung Kwan Wai's principal contact with the Company is Dr. Hu Xupeng. Both Dr. Hu Xupeng (appointed on 22 July 2025 as a joint company secretary) and Ms. Leung Kwan Wai participated in the relevant training during the Reporting Period and the time for training was no less than 15 hours in total. Ms. Fu Min resigned as a joint company secretary on 22 July 2025.

Ms. Leung Kwan Wai possesses the requisite qualifications

of a company secretary as required under Rule 3.28 of the Hong Kong Listing Rules. Dr. Hu Xupeng currently does not possess the requisite qualifications set out in Rule 3.28 of the Hong Kong Listing Rules. In relation to the appointment of Dr. Hu Xupeng as a joint company secretary of the Company, the Company applied to the Stock Exchange for, and the Stock Exchange granted, a waiver (the "Waiver") from strict compliance with the requirements under Rules 3.28 and 8.17 of the Hong Kong Listing Rules for a period of three years from the date of Dr. Hu Xupeng's appointment as a joint company secretary of the Company (the "Waiver Period") on the conditions that (i) Dr. Hu Xupeng must be assisted by Ms. Leung Kwan Wai as a joint company secretary during the Waiver Period in discharging his functions as joint company secretary of the Company; and (ii) the Waiver could be revoked if there are material breaches of the Hong Kong Listing Rules by the Company. Before the end of the Waiver Period, the Company must demonstrate and seek confirmation from the Stock Exchange that, Dr. Hu Xupeng, having had the benefit of Ms. Leung Kwan Wai's assistance during the Waiver Period, has attained the relevant experience and is capable of discharging the functions of company secretary under Rule 3.28 of the Hong Kong Listing Rules such that a further waiver will not be necessary.

Disclosure of Information and Investor Relations

The Company recognizes the importance of good communications with its investors. The Office of the Board, the department which has duties covering investor relations, has arranged interviews, site visits and reverse roadshows for investors from time to time. The department has also actively attended investors' forums to help investors gain a better understanding of the Company's operating results as well as its strategies and plans for future development. The Company will continue to make great efforts in investor relations work to further enhance its transparency.

SUMMARY OF GENERAL MEETINGS

Session of meeting	Date of meeting	Designated websites for publication of resolution(s)	Disclosure date of resolution(s)
2024 annual general meeting, 2025 first A Share class meeting and 2025 first H Share class meeting	30 May 2025	www.hkexnews.hk www.sse.com.cn	30 May 2025 31 May 2025
2025 first extraordinary general meeting	8 August 2025	www.hkexnews.hk www.sse.com.cn	8 August 2025 9 August 2025
2025 second extraordinary general meeting	22 September 2025	www.hkexnews.hk www.sse.com.cn	22 September 2025 23 September 2025
2025 third extraordinary general meeting	15 December 2025	www.hkexnews.hk www.sse.com.cn	15 December 2025 16 December 2025



REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2025 on pages 86 to 99.

Principal Business

The principal business of the Company focuses on three major segments: energy equipment, industrial equipment and integration services. Details of the principal business of the major subsidiaries of the Company are set out in note 7 to the financial statements. There were no significant changes in the principal business of the Company during the year.

The energy equipment segment: design, manufacture and sales of nuclear power equipment, energy storage equipment, coal-fired power generation and corollary equipment, gas-fired power generation equipment, wind power equipment, hydrogen energy equipment, photovoltaic equipment, high-end vessels for chemical industry; as well as providing power grid and industrial intelligent power supply system solutions.

The industrial equipment segment: design, manufacture and sales of elevators, large and medium-sized electric motors, intelligent manufacturing equipment, industrial basic parts and construction industrialization equipment.

The integration services segment: providing energy, environmental protection and automation engineering and services, covering traditional and new energy, comprehensive use of solid wastes, sewage treatment, flue gas treatment, rail transit, etc.; providing industrial internet services; providing financial services, covering corporate finance, financing leases, commercial factoring, asset management, insurance brokerage, etc.; providing park and property management services mainly based on industrial real estate, etc.

Business Review

During the Reporting Period, the Company achieved total operating revenue of RMB 126,679 million, a year-on-year increase of 9.0%. The Company's gross profit margin for the Reporting Period was 17.9%. During the Reporting Period, the net profit attributable to the owners of the Company was RMB1,206 million, a year-on-year increase of 60.3%. During the Reporting Period, basic earnings per share of the Company was RMB0.078 yuan.

During the Reporting Period, the energy equipment segment achieved total operating revenue of RMB75,024 million, a year-on-year increase of 21.5%, primarily driven by the favourable domestic coal-fired power policies, with sales revenue from coal-fired power generation business continuing to maintain solid growth. The gross profit margin for the energy equipment segment was 18.4%.

During the Reporting Period, the industrial equipment segment achieved total operating revenue of RMB38,074 million, a year-on-year decrease of 1.5%, mainly due to the impact of the real estate industry on the elevator business, resulting in a decline in revenue. The gross profit margin for the industrial equipment segment was 16.2%.

During the Reporting Period, the integration services segment achieved total operating revenue of RMB20,649 million, basically the same as last year, primarily due to a decline in sales revenue from engineering projects compared to the same period last year. The gross profit margin for the integration services segment was 11.1%.



Analysis of Principal Business

Analysis of changes of relevant items in the income statement and the statement of cash flows

Unit: 100 million; Currency: RMB

Items	For the year ended 31 December 2025	For the year ended 31 December 2024	Percentage of change (%)
Operating revenue	1,259.59	1,154.56	9.10
Operating cost	1,038.88	945.25	9.91
Selling and distribution expenses	32.99	29.01	13.72
General and administrative expenses	84.46	79.64	6.05
Financial expenses	8.30	5.54	49.82
Research and development expenditures	61.64	56.65	8.81
Net cash flows generated from operating activities	105.16	176.39	-40.38
Net cash flows generated from investing activities	(140.03)	(164.25)	N/A
Net cash flows generated from financing activities	(33.06)	(34.31)	N/A

The change in financial expenses is mainly due to the changes in deposit rates and exchange rates during the Reporting Period.

The change in net cash flows generated from operating activities is mainly due to the increase in the cash paid for the purchase of goods and receipt of services by the Company compared with the same period of the prior year.

The change in net cash flows generated from investing activities is mainly due to the change of time deposits with a maturity of more than three months paid by the Company.



Analysis of Revenue and Cost

During the Reporting Period, the Company achieved the total revenue of RMB126,679 million, and the net profit attributable to the owners of the Company was RMB1,206 million.

Analysis of the principal businesses by segment and geographic location

Unit: 100 million; Currency: RMB

Principal businesses by segment						
By segment	Revenue	Operating costs	Gross profit margin (%)	YoY change in revenue (%)	YoY change in operating costs (%)	YoY change in gross profit margin (%)
Energy equipment	750.24	611.92	18.4	21.5	23.4	A decrease of 1.3 percentage points
Industrial equipment	380.74	318.99	16.2	-1.5	-0.9	A decrease of 0.5 percentage point
Integration services	206.49	183.53	11.1	-0.4	2.5	A decrease of 2.6 percentage points
Principal businesses by geographic location						
By geographic location	Revenue	Operating costs	Gross profit margin (%)	YoY change in revenue (%)	YoY change in operating costs (%)	YoY change in gross profit margin (%)
Mainland China	1,080.52	872.31	19.3	10.7	11.0	A decrease of 0.2 percentage point
Other countries/ jurisdiction	186.26	167.31	10.2	0.2	4.2	A decrease of 3.5 percentage points

Major customers

The sales revenue from the five largest customers of the Company was RMB9,110 million in aggregate for the Reporting Period, accounting for 7.19% of the total sales revenue. Among the top five customers, the sales of related parties were RMB 0 million, accounting for 0% of the total annual sales.

Major suppliers

The purchases from the five largest suppliers of the Company amounted to RMB5,823 million in aggregate for the Reporting Period, accounting for 5.65% of the total purchases. Among the top five suppliers, the purchases of related parties were RMB1,286 million, accounting for 1.25% of the total annual purchases.

Analysis of costs

Unit: 100 million; Currency: RMB

By segment	Cost component	For the year ended 31 December 2025	Proportion in the total costs (%)	For the year ended 31 December 2024	Proportion in the total costs (%)	Percentage of change (%)
Energy Equipment	Raw materials	519.52	84.9	421.89	85.1	23.1
	Labour costs	43.45	7.1	34.55	6.9	25.8
	Other fees	48.95	8.0	39.56	8.0	23.7
	Total	611.92	100.0	496.00	100.0	23.4
Industrial Equipment	Raw materials	263.17	82.5	265.97	82.6	-1.1
	Labour costs	29.03	9.1	28.66	8.9	1.3
	Other fees	26.79	8.4	27.37	8.5	-2.1
	Total	318.99	100.0	322.00	100.0	-0.9
Integration Services	Equipment	119.33	65.0	116.26	65.0	2.6
	Construction and installation	45.97	25.0	37.03	20.7	24.1
	Other fees	18.23	10.0	25.70	14.4	-29.1
	Total	183.53	100.0	178.99	100.0	2.5

R&D Expenditure

	Unit: 100 million; Currency: RMB
R&D expenditure expensed in the Reporting Period	61.64
R&D expenditure capitalized in the Reporting Period	0.87
Total R&D expenditure	62.51
Percentage of total R&D expenditure to operating revenue (%)	5.0
Percentage of R&D expenditure capitalized (%)	1.4
	Number of persons
Number of R&D staff	3,966
Percentage of R&D staff to total staff (%)	9.21
	Number of persons
R&D Staff Education Level	
Doctor	109
Postgraduate	1,379
Undergraduate	2,353
Tertiary education	120
Secondary education and below	5
	Number of persons
R&D Staff Age Level	
Below 30 years old (not including 30 years old)	1,007
30 years old-40 years old (including 30 years old, not including 40 years old)	1,571
40 years old-50 years old (including 40 years old, not including 50 years old)	1,126
50 years old-60 years old (including 50 years old, not including 60 years old)	231
Above 60 years old	31

In 2025, the Company firmly implemented the innovation-driven development strategy, closely aligning with national energy security and the "dual carbon" goals, and achieved a series of breakthrough advances in key areas such as high-end equipment, clean energy, industrial basic components, and intelligent manufacturing. Throughout the year, the Company generated more than 100 major technological achievements, effectively enhancing the independent and controllable capabilities of the industrial chain as well as its core competitiveness.

Energy Equipment

In the field of clean coal-fired power and flexibility retrofiting, the 1000MW high-parameter, high-efficiency dual-cycle reheat secondary reheat steam turbine independently developed by the Company has been successfully put into operation, with its heat rate ranking first among similar units worldwide. The innovative "coal-fired power + molten salt thermal storage" deep peak regulation technology has realized an engineering demonstration, successfully resolving the conflict between heating supply and peak regulation, and providing a "Shanghai Electric Solution" for the clean and low-carbon transformation of traditional coal-fired power. The technology of "domesticated temperature and efficiency improvement comprehensive retrofiting for imported subcritical units" targeting in-service units has significantly reduced coal consumption for power supply and extended the service life of units.

In the field of nuclear power equipment, achievements cover multiple technical routes including "Hualong No. 1", "Guohe No. 1", high-temperature gas-cooled reactors, fast reactors and fusion reactors. The Company has successfully delivered the world's first 600MW high-temperature gas-cooled reactor pressure vessel, formed 100% localized capability for "Guohe No. 1" wet-winding motor main pumps, and developed and delivered core components for the International Thermonuclear Experimental Reactor (ITER), demonstrating manufacturing capabilities in the full-spectrum nuclear energy equipment sector. The CRAFT TF coil box, a key system research facility for fusion reactor main engines independently developed by the Company, has been successfully delivered, providing strong technical support for the construction of the China Fusion Engineering Test Reactor (CFETR).

In the field of new energy equipment, based on offshore products, the second-generation 16MW-class Poseidon Platform has completed large-scale commercial operation verification, and the third-generation 14MW/18MW prototypes have been verified. For onshore products, 8.5MW and 10MW-class products have been delivered in batches to deserts and wastelands market, and 6MW and 7MW-class products have been delivered in batches to the low-wind-speed market. Overseas products have been deployed with models adaptable to ultra-low temperature, high-temperature dust/salt fog and other environments, which have passed international type certification. High-efficiency 0BB heterojunction solar modules have significantly reduced costs through technological innovation. The first batch of large-scale green hydrogen coupled with biomass green methanol in China was produced in Taonan, which not only realized the efficient and clean conversion of biomass resources, but also effectively opened up a new path for new energy consumption, promoting the green and low-carbon transformation of energy.

In the field of power transmission, transformation and energy storage, the world's first MVar-class high-temperature superconducting shunt reactor and BKD-320000/1100-145 low-noise UHV reactor developed by the Company have filled international gaps in urban reactive power compensation and UHV noise reduction respectively. The new-generation grid-forming energy storage converter (PCS) subverts the traditional "grid-following" mode and actively supports power grid stability. In the field of compressed air energy storage, the Company provides a complete solution ranging from 300MW-class air turbines and air-cooled generators to full-system integration, and has participated in the construction of the world's first 300MW-class compressed air energy storage power station, leading the development of large-capacity energy storage technologies.

Industrial Equipment

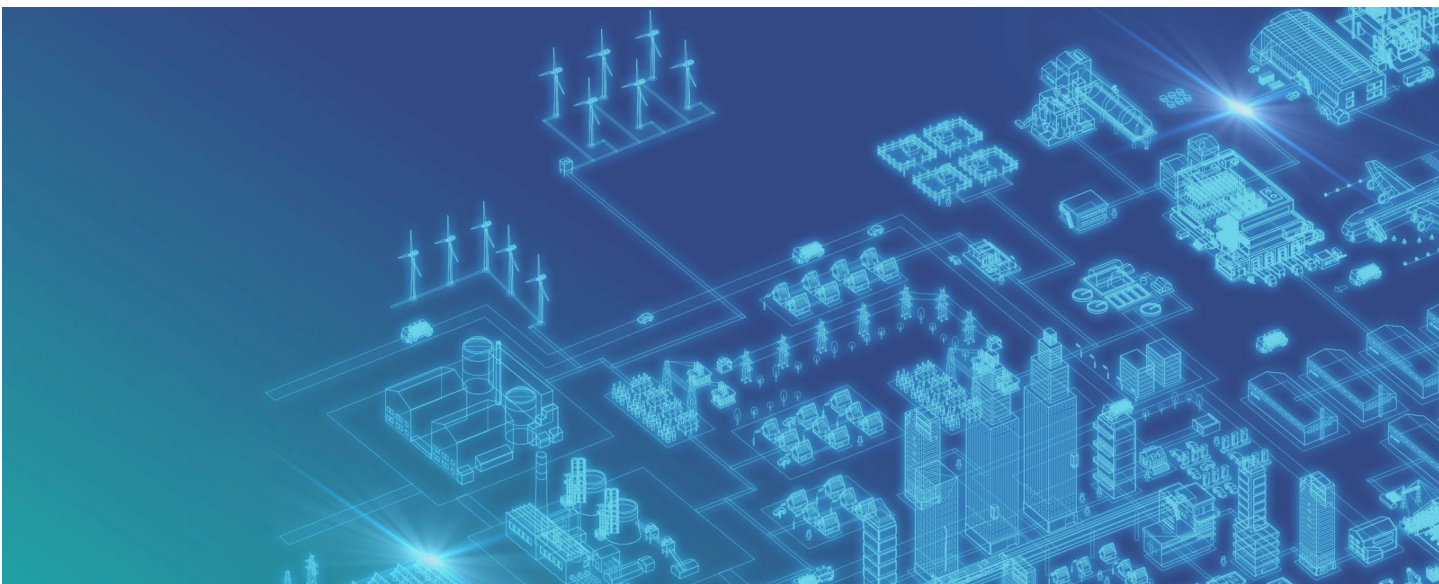
In the field of key basic components, the Company has achieved domestic substitution and surpassing of a number of "bottleneck" technologies. The metro bogie axle box bearings and traction motor bearings have successfully passed the passenger-carrying operation assessment, breaking the monopoly of foreign enterprises. The domestic project of high heat capacity CT tube bearings for medical use has conquered the universal key technologies for high-end bearings. The drive joint bearings for humanoid robots have realized import substitution, providing high-precision transmission support for the robotics industry.

The Company deeply promoted the integration of artificial intelligence and industrial scenarios. Relying on its extensive experience in intelligent manufacturing and advantages in diverse industrial scenarios, the Company launched its first self-developed humanoid robot — "Suyuan" and dual-arm robot "Lingke". The National AI Application Pilot Base (Manufacturing Sector) constructed by the Company was officially inaugurated. This platform will link key processes from technology to production lines, accelerate AI empowerment in the manufacturing industry, and inject new momentum into industrial intelligent transformation. The "Intelligent Weld Defect Detection System" has improved efficiency by more than 20 times compared with manual inspection while maintaining zero missed detections. The flexible robotic grinding and polishing workstation for large components with complex surfaces provides cutting-edge manufacturing solutions for aerospace and other fields. The wheel-legged robot navigation and positioning platform has overcome the challenge of autonomous movement in complex environments. The generative AI-based intelligent agent for fire safety detection and quality experience feedback has driven the intelligent upgrading of industrial security and quality management and control.

Integration Services

In the field of energy conservation and environmental protection, the pervaporation organic-removal membrane developed by the Company has passed long-term operation verification at Tesla Gigafactory, realizing resource recycling. The distributed pyrolysis technology of urban solid waste for producing SAF (Sustainable Aviation Fuel) provides an innovative path for waste resource utilization and aviation carbon emission reduction.

The Company's technological strength has been fully verified in the international market and national major projects. A number of overseas photovoltaic and wind power projects participated by the Company have been successfully connected to the grid, and the first digital substation in Uzbekistan has been completed on schedule. The Company has provided core equipment and system solutions for a number of national landmark projects including Zhangzhou Nuclear Power "Hualong No. 1", Guoxin Huainan Salt-Cave Compressed Air Energy Storage, and Guoyue Shaoguan 700MW Ultra-Supercritical Circulating Fluidized Bed, and ensured their smooth commissioning, highlighting its role as a pillar of national key equipment.



Analysis of Assets and Liabilities

Unit: 100 million; Currency: RMB

Items	By the end of the current period	Proportion to total assets by the end of the current period (%)	By the end of the preceding period	Proportion to total assets by the end of the preceding period (%)	Percentage of change in amount compared with the end of the preceding period (%)	Explanation
Cash and cash equivalents	373.08	11.47	325.69	10.77	14.55	
Accounts receivable	370.33	11.38	375.47	12.41	-1.37	
Inventories	472.96	14.54	345.50	11.42	36.89	Mainly attributable to the increase in production inventory.
Contract assets	223.47	6.87	212.75	7.03	5.04	
Long-term equity investments	146.64	4.51	138.17	4.57	6.13	
Investment Property	9.25	0.28	10.43	0.34	-11.31	
Fixed assets	233.37	7.17	208.97	6.91	11.68	
Construction in progress	54.50	1.68	37.78	1.25	44.26	Mainly due to an increase in investment in projects under construction in line with the project construction progress during the period.
Right-of-Use Asset	23.07	0.71	18.90	0.62	22.06	
Short-term borrowings	100.67	3.09	95.48	3.16	5.44	
Contract liabilities	690.00	21.21	579.29	19.15	19.11	
Long-term borrowings	258.36	7.94	276.82	9.15	-6.67	



Analysis of Operational Information by Industry

Shanghai Electric is one of the largest comprehensive equipment manufacturing enterprise groups in China, and the specific industry operating information of its main business is as follows:

Energy Equipment

In terms of coal-fired power, under the background of the strategic goals of peak carbon dioxide emissions and carbon neutrality, China has been implementing a comprehensive "three reforms linkages" (三改聯動) plan of coal-fired power generation stations, which includes energy-saving and carbon reduction transformation, flexibility transformation and heating supply transformation. According to the Implementation Plan of Transformation and Upgrading of National Coal-fired Power Generating Units (《全國煤電機組改造升級實施方案》), during the "14th Five-Year Plan" period, the scale of energy-saving and carbon reduction transformation of coal-fired power unit will be no less than 350 million kW, the scale of heating supply transformation of coal-fired power unit will strive to reach 50 million kW, while the scale of flexibility transformation of coal-fired power unit will reach 200 million kW. In June 2024, the National Development and Reform Commission and the National Energy Administration issued the Low-carbon Transformation and Construction Action Plan for Coal-fired Electricity (2024–2027), which intensified efforts in energy conservation and carbon reduction, coordinated the promotion of low-carbon retrofits for existing coal-fired power generating units and low-carbon construction of new coal-fired power generating units, and accelerated the construction of a clean, low-carbon, safe and efficient new energy system, creating new pathways and opportunities for the new round of innovative development of coal power. In March 2025, the National Development and Reform Commission and the National Energy Administration issued the Implementation Plan for the Special Action on the Upgrade of a New Generation of Coal-Fired Power (2025–2027) (《新一代煤電升級專項行動實施方案 (2025-2027)》), which set specific quantitative targets and action requirements in four key areas. The plan calls for strengthening the backstop and security role of coal-fired power, actively promoting the transformation and upgrading of coal-fired power, and supporting the development of a new electricity system.

In the field of gas turbine, new development opportunities are emerging with the construction of a new electricity system. In March 2022, the National Development and Reform Commission and the National Energy Administration issued the "14th Five-Year Plan" for Modern Energy Systems (《「十四五」現代能源體系規劃》), which further emphasized the development of peak-shaving natural gas power stations according to local conditions and the orderly advancement of heavy-duty gas turbine construction to enhance the flexible adjustment ability of the power system, promoting the integration of gas turbines with renewable energy to build a multi-energy complementary comprehensive energy system; accelerating breakthroughs in key technologies of gas turbines, advancing the demonstration and application of domestically produced heavy-duty gas turbines, and exploring the comprehensive application of gas-fired power generation in scenarios such as industrial park heating and low-carbon urban energy supply. The positioning of gas turbines will be more focused in supporting power system flexibility and facilitating the low-carbon transformation. With the large-scale grid integration of renewable energy, the peak-shaving capabilities and low-carbon emission advantages of gas turbines are expected to be further released, leading to steady growth in installed capacity.

In terms of nuclear energy, the domestic nuclear power industry is ushering in an important period with strategic opportunities alongside the strategic goals on peak carbon dioxide emissions and carbon neutrality. In March 2022, the National Development and Reform Commission and the National Energy

Administration announced the 14th Five-Year Plan for Modern Energy Systems (《「十四五」現代能源體系規劃》), which states that "on the premise of securing safety, we will actively and orderly promote the construction of coastal nuclear power projects, by maintaining a steady pace of construction and properly allocate additional coastal nuclear power projects, conduct integrated nuclear energy demonstration projects, actively promote the demonstration projects of advanced reactor types such as high-temperature gas-cooled reactors, fast reactors, modular small reactors and offshore floating reactors, and promote the integrated use of nuclear energy in areas such as clean heating, industrial heating and seawater desalination". The Three-Year Action Plan for the High-Quality Development of the Nuclear Technology Application Industry (2024–2026) (《核技術應用產業高質量發展三年行動方案(2024-2026年)》) issued by the State Council emphasizes that nuclear technology should extend toward high-end and diversified development, with key support for the research and development of Generation IV reactors, small modular reactors (SMRs), and fusion reactors, striving to achieve an annual output value of RMB400 billion for the nuclear technology application industry, ushering in a golden period of development for the nuclear power industry.

In the wind power and photovoltaic sectors, with the accelerated development of the new energy system and the further advancement of green transformation and development, China's wind and photovoltaic industry maintained a high-growth momentum in 2025, with more refined policy guidance. As the market-oriented reform of the power sector comprehensively deepened, the industry entered a new stage of high-quality development. In January 2025, the National Development and Reform Commission and the National Energy Administration jointly issued the Notice on Deepening the Market-Oriented Reform of Grid-Connected Tariffs for New Energy and Promoting the High-Quality Development of New Energy (《關於深化新能源上網電價市場化改革促進新能源高質量發展的通知》), laying the cornerstone for market-oriented development. In February 2025, the National Energy Administration issued the Guiding Opinions on Energy Work for 2025 (《2025年能源工作指導意見》), explicitly stating that "the proportion of installed non-fossil energy power generation capacity will be raised to around 60%". According to the statistics released by the National Energy Administration, China's newly installed wind power capacity reached 120 GW in 2025 (including 110 GW of onshore wind power and 6.59 GW of offshore wind power), and the newly installed photovoltaic capacity stood at 317 GW. The annual power generation of wind power and photovoltaic power reached 1.13 trillion kWh and 1.17 trillion kWh, respectively, accounting for 22% of the total power generation, which effectively drove the proportion of renewable energy power generation to nearly 40% of the total power generation.

In the power grid sector, a series of policies were introduced in 2025. Firstly, the Notice by the National Development and Reform Commission and the National Energy Administration on Deepening the Market-Oriented Reform of New Energy Feed-in Tariffs to Promote High-Quality Development of New Energy (《關於深化新能源上網電價市場化改革 促進新能源高質量發展的通知》) and the Notice on Accelerating the Construction of the Electricity Spot Market (《關於全面加快電力現貨市場建設工作的通知》) formed a powerful policy combination. This has achieved full coverage of spot market trading across 28 provinces (excluding the Tibet Autonomous Region), facilitated the optimal allocation of power resources, and invigorated diverse market entities. The policies explicitly abolish the guaranteed purchase of new energy, promote the full participation of wind and solar power in market trading, establish a settlement mechanism based on a "benchmark price + floating spread", and guide coal power towards a transition to a peak-shaving role. Secondly, the Guiding Opinions on Promoting High-Quality Development of the Power Grid (《關於促進電網高質量發展的指導意見》), jointly issued by the National Development and Reform Commission and the National Energy Administration, has redefined the power grid system,

clarifying its core function as a "new-type grid platform". Currently, the share of new energy in China's total electricity generation has reached 20%, with a clear policy target to increase this proportion to 30% by 2030. Against this backdrop, the physical structure, dispatch mechanisms, and investment logic of the traditional grid are increasingly inadequate to accommodate the high penetration of new energy. Therefore, the new-type grid must adhere to the core principles of "fairness, justice and openness", progressively achieving functional elevation and operational optimization. This redefinition at the top-level design stage clarifies the grid's central participatory role in the future power system and sets the strategic direction for its subsequent development. As new energy policies continue to advance and the grid's positioning becomes clearer, the transmission and distribution industry will face more opportunities and challenges in areas such as equipment upgrades, technological innovation, and customized solutions.

Industrial Equipment

In the field of automation, the automation equipment industry is developing rapidly under the impetus of smart manufacturing upgrades and the "dual carbon" goal. At the national level, policies such as the Smart Manufacturing Development Plan under the "14th Five-Year Plan" and the Industrial Energy Efficiency Improvement Action Plan have been launched to accelerate the transformation and upgrading of industries of robotics, intelligent testing equipment and new energy. In the future, the deep integration of artificial intelligence and industrial scenarios, and the combination of green energy saving and intelligent equipment will create more space and opportunities in the markets.

In the field of elevator, the overall industry trend is stable. Impacted by the real estate market, the new elevator market has passed a "strategic inflection point from growth to decline" and entered a downward phase. Renovation of existing buildings, retrofitting of old buildings with new elevators, home elevators, and export elevators represent structural growth drivers for the new equipment business, while maintenance and service for elevators in use is the future strategic direction. Due to overcapacity, competition in the elevator industry will intensify, showing a trend towards consolidation among "large enterprises". Outstanding companies will gradually capture more market resources and build greater differentiated competitive advantages through this process.

In the field of industrial basic parts, the global industrial basic parts sector showed steady growth driven by technological advancements and market demand in 2025. The rapid development of intelligent manufacturing, new energy equipment and high-end equipment manufacturing significantly accelerated the process of domestic substitution of core basic parts such as high-end bearings, precision gears and high-performance fasteners. It is expected that China's industrial basic parts market will maintain steady growth.

Integration Services

Focusing on the national "Belt and Road" Initiative, Shanghai Electric regards more than 50 countries and regions involved in the "Belt and Road" Initiative as key markets of engineering projects. We have sped up the construction of sales and project supporting outlets in the global market. Shanghai Electric will keep actively promoting construction of overseas outlets to achieve multi-regional sales and projects supporting capacity, explore businesses of both centralized and distributed new energy simultaneously under the guidance of new energy resource development, and actively promote the integration of industry and finance as well.



Analysis on Investments

Equity Interests in Other Listed Companies Held by the Company

Unit: '000; Currency: RMB

Stock Code	Stock abbreviation	Initial investment amount	Source of Funds	Carrying amount as at the beginning of the period	Gain or loss from the change of fair value during the period	The amount sold in the current period	The investment income for the period	Carrying amount as at the end of the period	Classification in accounts
600642	Shenergy	2,800	Own funds	25,666	(4,617)	-	-	21,049	Other non-current financial assets
600633	Zhejiang Daily Digital Culture	7,462	Own funds	45,840	10,518	-	1,052	56,358	Other non-current financial assets
000501	Wu Han Department Store Group Co., Ltd.	353	Own funds	2,029	(66)	-	58	1,963	Other non-current financial assets
600665	Tande Co., Ltd.	1,400	Own funds	2,479	119	-	-	2,598	Other non-current financial assets
601229	Bank of Shanghai	1,620	Own funds	44,437	4,614	-	2,525	49,051	Other non-current financial assets
HK00020	SenseTime -w	323,724	Own funds	133,480	69,031	(77,839)	-	124,672	Other non-current financial assets
600515	Hainan Airport	8,475	Debt to equity swap	7,100	2,912	-	-	10,012	Financial assets held for trading
Total		345,834		261,031	82,511	(77,839)	3,635	265,703	

The Board's Discussion and Analysis on the Future Prospect of the Company

Industry Competition Landscape and Development Trend

China is currently in a critical period of transitioning from old to new economic growth drivers. In the short term, there are still many difficulties and challenges, primarily stemming from unbalanced and inadequate development, as well as insufficient effective demand. In the long term, however, China's economic fundamentals are stable, bolstered by multiple advantages, strong resilience, and vast potential. The supporting conditions and fundamental trend of long-term growth remain unchanged. The strengths of the socialist system with Chinese characteristics, the advantages of our mega-market, the completeness of our industrial system, and the abundance of our talent resources have become even more pronounced. The Fourth Plenary Session of the 20th Central Committee of the Communist Party of China emphasized: "We must build a modern industrial system, consolidate and strengthen the foundations of the real economy", "We should steadfastly anchor economic development in the real economy", "We should optimize and upgrade traditional industries, while cultivating and expanding emerging and future industries". At the same time, the country is accelerating the construction of a new energy system and advancing new industrialization, with policy directions favoring the development of the real economy and the transformation of the manufacturing sector. In recent years, the central government has launched a series of policy measures through meeting deployment, policy guidance and industrial support to promote the transformation and upgrading of the production side, boost consumer confidence and expand consumption, including a series of policy documents such as implementation of major national strategies and building up security capacity in key areas, promotion large-scale renewal of equipment and the trade-in of consumer goods, promotion and application of the first (set of) major technical equipment, stable growth in the power equipment industry, development of green aviation manufacturing, as well as Industrial Machine Tools+, industrial robots and smart manufacturing, which have provided important support for the promotion of the real economy, especially the advanced manufacturing, and have also created favorable conditions for the development of the equipment manufacturing in terms of market expansion, transformation and upgrading and technological innovation.

From the perspective of the energy sector, data from the National Energy Administration indicates that in 2025 the nation's total installed power generation capacity reached approximately 3.89 billion kW, a year-on-year increase of 16.1%. This includes 1.20 billion kW of solar power capacity (year-on-year increase of 35.4%) and 640 million kW of wind power capacity (year-on-year increase of 22.9%). The Fourth Plenary Session of the 20th Central Committee

of the Communist Party of China emphasized: "We must leverage the goals of peak carbon and carbon neutrality to drive coordinated efforts in reducing emissions, cutting pollution, expanding green development, and promoting growth, thereby strengthening ecological security barriers and enhancing the momentum for green development", "We must accelerate the construction of a new energy system and actively yet prudently advance towards and achieve peak carbon". From the perspective of energy installation data and the national overall energy development strategy, China's energy sector is currently in a period of development opportunities, with coal-fired power maintaining its supporting power status, while markets for initiatives such as flexibility transformation are being launched, wind power, photovoltaic and other new energy experiencing rapid growth, hydropower construction being actively promoted, nuclear power progressing in an orderly manner, and energy storage entering a phase of large-scale development. Shanghai Electric possesses key technologies and equipment in fields of coal-fired power, gas turbines, nuclear power, wind power, solar power, energy storage, hydrogen energy, and power transmission and distribution. During the "15th Five-Year Plan" period, the Group will adhere to its strategic positioning of energy equipment as a "ballast stone". We will consolidate and enhance the foundational role of traditional energy equipment, strengthen the core competitiveness of new energy equipment, and ensure energy equipment plays a fundamental supporting role in the Group's strategic development. Our focus will be on building three key industrial clusters: "Basic Energy and Power Equipment (Coal, Gas, Nuclear)", "New Energy Equipment (Wind, Solar, Storage)", and "Power Transmission & Distribution", thereby achieving high-quality development in the energy equipment sector.

From the perspective of the industrial sector, according to the 2025 economic performance data released by the National Bureau of Statistics, the value-added industrial output of enterprises above designated size in China increased by 5.9% compared to the previous year. Among these, the value-added of equipment manufacturing industry grew by 9.2%, and that of high-tech manufacturing industry grew by 9.4%. Industries such as new energy vehicles and industrial robots experienced rapid development, with output increasing by 25.1% and 28%, respectively. The Fourth Plenary Session of the 20th Central Committee of the Communist Party of China emphasized the need to focus on the real economy as the cornerstone of economic development, adhere to the direction of intelligence, greenization and integration, and boost China's strength in manufacturing, product quality, aerospace, transportation and cyberspace, maintain a reasonable share of the manufacturing sector, and develop a modern industrial system with advanced manufacturing as the backbone. In terms of development data and national policies, the industrial sector will focus on intelligence, greenization and integration, with industrial chains being rapidly restructured, while technological innovation and sustainable development are being accelerated. The deep

integration of next-generation technologies, including the industrial internet, big data and artificial intelligence, is giving rise to new production models and processes. Building on Shanghai Electric's expertise in green energy and high-end equipment technologies and leveraging next-generation technologies and AI trends, we are actively launching the intelligent, greenization and integration transformation and upgrading in the industrial sector, to accelerate the construction of new industrialization.

Development Strategy

Shanghai Electric adheres to the main working tone of "serving national strategies, aligning closely with national needs, developing new quality productive forces, building core competitiveness, and achieving high-quality development", adopts the concept of "open collaboration, win-win cooperation", adheres to the directions of intelligence, greenization, integration and internationalization, upholds the principles of the "Three Benchmarks" and the "Three Priorities", further strengthen and optimize its core businesses, consolidate and expand the advantages of advanced manufacturing, intensify efforts in tackling key and core technologies and optimizing industrial layout, steadily and prudently advance its "going global" strategy, and accelerate its progress towards becoming a world-class equipment manufacturing enterprise.

The Company will focus on the main path of high-quality development of main businesses with the improvement of operation quality and industrial competitiveness as the core target, namely, pursuing progress while ensuring stability in the scale of main businesses, continuously improving the return rate of net assets of main businesses, increasing the proportion of the equipment and service business, expanding the proportion of strategic emerging industries, improving the per capita efficiency and optimizing the asset structure.

Under the background of the "dual carbon" target, the Group will, based on such characteristics as shared "root technologies" in equipment manufacturing, similar features of extreme manufacturing, comparable market competition patterns, homogeneous integrated end-customer groups, similar supply

chains, and consistent management back-end support, focus on three core issues such as enhancing core competitiveness, fostering new growth drivers, and promoting high-level organic synergy, coordinate the development of traditional industries, strategic emerging industries and future industries. We will prioritize the development of several industrial clusters in the three key areas of energy equipment, industrial equipment, and industrial basic components, consolidate existing strengths while expanding new growth drivers, focus on key strategic industries, and build a "first-tier" industrial echelon. By developing industrial clusters and strengthening producer services, the Group will promote high-level coordinated development.

In order to effectively promote high-quality development, the Group will build a strategic closed-loop management system featuring strategic alignment and strong execution, a scientific, efficient and powerful scientific and technological innovation system, an industrial system with innovation leading and coordinated development, an organizational system with orderly management and control, efficient and coordinated development, a corporate governance system with effective checks and balances, a comprehensive, systematic, scientific and reasonable performance evaluation system and a strategic support system for human resources from the aspects of strategic management and control, scientific and technological innovation, industrial development, organization and management, corporate governance and talent construction.

Operation Plans

The year 2026 marks the first year of the 15th Five-Year Plan. With "high-quality development" as the theme, the Company will adhere to the principle of "serving national strategies, aligning closely with national needs", take the lead in the transformation towards high-endization, intelligence and greenization, blaze new trails in accelerating the development of new quality productive forces, and act as a pioneer in achieving high-level technological self-reliance and self-improvement. Taking "full and strict governance over the Party" as the fundamental guarantee and "comprehensively deepen reforms" as the focus, the Company will concentrate on three



new breakthroughs in efficient collaboration, internationalization and digitalization, so as to start a new chapter for the high-quality development during the "15th Five-Year Plan" period. The Company will prioritize the following tasks:

Advancing Full and Strict Governance Over the Party and Strengthening Supervision and Discipline Enforcement

By promoting coordinated efforts in full and strict governance over the Party, supervision and discipline enforcement, and compliance and risk control, the Group will build a normalized and long-term comprehensive oversight framework, providing a strong political guarantee for the Group's high-quality development. We will uphold the strict tone as the main guiding principle, and intensify supervision and inspection over major project investments, businesses outside Shanghai, and overseas operations. We will strengthen conduct improvement, encouraging Party members and officials to take responsibility and demonstrate proactive performance while strictly observing rules and discipline. We will consolidate and deepen the "four-responsibility coordination" mechanism, establishing a responsibility implementation system featuring clearly defined responsibilities, coordinated efforts, step-by-step transmission of accountability, and strong enforcement of accountability.

Strengthening Strategic Leadership and Enhancing Level of Industrial Development

We will fully implement strategic translation and execution, promote the effective alignment and operation of the Group's three-tier planning system, and form a closed strategic loop. Meanwhile, we will plan and deploy initiatives in advance, and actively participate in major national science and technology projects as well as demonstration projects for the innovative development of first-of-its-kind equipment. Focusing on the Group's 15th Five-Year Strategic Plan, the Group will deepen system integration and collaboration mechanisms, promote industrial upgrading and the layout of emerging industries, and direct resources toward areas of competitive advantage and future growth drivers. Efforts will be accelerated to implement project plans such as the robot pilot testing platform, the intelligent robotics industrial park, and the upgrading of hydrogen energy equipment capabilities, promoting the transformation and upgrading of industries toward intelligence, greenization and integration.

Strengthening Market Synergy and Promoting Integrated Domestic and International Development

We will deepen the coordination mechanism for key customers, advance the development of a three-tier linkage network of "headquarters-regional-frontline" operations, and build an efficient

and collaborative equipment business system to expand major projects in key sectors such as nuclear energy, shipbuilding, and aerospace. In addition, we will steadily and prudently promote international expansion, establish a global operational and coordination system, and strive to enhance the Group's international capabilities. Focusing on areas such as the integration of localized resources, overseas investment and M&A integration, financial service capabilities, and risk management, the Group will strengthen international support mechanisms, improve organizational coordination mechanisms, deepen the development and cultivation of international leadership talent, specialized professionals, and high-potential personnel to enhance international business capabilities.

Strengthening Technological Innovation and Forging Core Competitiveness

We will optimize the layout of technological innovation and continue to increase R&D investment in emerging and future high-end equipment sectors, including low-carbon energy systems, advanced nuclear energy equipment, high-end industrial machine tools, and intelligent industrial equipment. Particularly, our focus will be placed on leading and disruptive technologies, "bottleneck" breakthroughs, and import substitution through R&D collaboration. In alignment with national and Shanghai innovation platform development initiatives, the Group will actively promote the establishment of high-level science and technology innovation platforms. We will also continue to build an open innovation ecosystem, advance joint innovation with key customers, establish multi-dimensional collaboration frameworks with universities, and accelerate cooperation on major R&D projects.

Strengthening Digital Empowerment and Supporting Transformation and Upgrading of Equipment Manufacturing

We will continue to promote the progressive development of intelligent manufacturing among subsidiaries, coordinate and plan smart factory transformation initiatives, and enhance factory intelligence levels. By summarizing the construction experience of multiple smart factories within the Group, the Group will promote pilot explorations of AI application scenarios in enterprises. Focusing on multi-robot collaborative intelligent solutions, digitalized management and operational products, integrated intelligent thermal power solutions, and integrated smart new energy solutions, the Group will build a collaborative ecosystem for intelligent manufacturing. We will develop benchmark intelligent manufacturing scenarios, flagship products, and public service platforms, advance the construction of the Group's digital center, establish a solid and stable digital foundation, and drive the Group's transformation toward data-driven operations and organizational intelligence.

Strengthening Economic Operations and Enhancing Management Efficiency

The Group will improve the evaluation framework for the quality of economic operations and strengthen the "comprehensive economic operations system". We will establish a coordinated development mechanism for producer services and accelerate the dual transformation of "manufacturing + services". The Group will accelerate the full integration of green and low-carbon requirements into supplier admission standards, procurement decision-making, and performance evaluation systems, promote the development of a green and low-carbon supply chain, and build a collaborative green ecosystem led by "chain leaders". We will also review existing assets, promote the revitalization of assets, continuously reduce interest-bearing liabilities, and comprehensively improve operational quality.

Potential Risks

Market Risks

Equipment manufacturing industry is highly correlated with national economic growth. Changes in macro economy, national policy amendment, infrastructure construction investment scale, urbanization progress and cyclical fluctuations in industry development may bring about impacts to the sustainable development of the Company. Meanwhile, China accelerates the construction of a national unified electricity market and accelerates the planning and construction of a new energy system. The energy industry is at the critical point of the new and old system, market competition in the field of new energy is everywhere and is becoming increasingly fierce, and industrial structure is accelerating the green and low-carbon transition, which brings the Company new opportunities and challenges.

In this regard, the Company will actively participate in the national energy transformation strategy of "building new power system with new energy as the main body" to accelerate the green, low-carbon, digitalization, intelligentization transition and improve core competitiveness. The Company will pay timely attention to changes in market demand and continue to pay attention to and regularly analyze the possible impact of global and domestic macroeconomic trends and industry policies on the Company so as to develop responsive measures in a timely manner. Meanwhile, the Company will timely adjust management measures to raise its management efficiency and develop business model in an innovative manner to address all challenges from changes in the markets.

Raw Material Prices Fluctuation Risks

The procurement cost of the Company's principal businesses is impacted by the fluctuated price of bulk materials. Meanwhile, due to long cycle of some orders undertaken by the Company, the sharp fluctuations of raw material prices will have greater impacts on the profitability of the Company.

In this regard, the Company will strengthen the monitoring and management of the quality of economic operation, pay close attention to changes in the operation quality, business structure and profitability of each business segment of the Group, continue to optimize the supply chain management system, further improve our cost control and pricing capabilities of purchase to actively control the risks on the Company from the fluctuations of raw material prices.



Exchange Rate Fluctuation Risks

The Company's businesses in power plant equipment, power plant engineering and power transmission and distribution engineering involve export business and their contract amounts are large and usually denominated in US dollars. In the process of production, the Company needs to purchase imported equipment and components and the contracts are also denominated in major foreign currencies, such as US dollars. As the international trade situation has become increasingly severe and the exchange rate of RMB is relatively volatile, the Company's export business may be exposed to the risk of profit and loss fluctuations due to factors such as changes in the exchange rate and capital repatriation.

In this regard, the Company will strengthen studies on the exchange rate movements of the relevant regions, utilize more hedging instruments, improve the hedging mechanism on the fluctuation of the exchange rate, and increase its RMB settlement scope in cross-border trades, lock-in certain exchange rates to reduce exchange risks and exercise better control over the costs of its overseas projects to avoid the adverse effects from exchange rate fluctuations.

Overseas Business Risks

Due to the continuous impact of factors such as macroeconomic environment and geopolitical uncertainty, some of the Company's overseas engineering projects are under various pressures such as higher labor costs and rising raw material costs. The overseas inflation and fluctuation of the foreign exchange rate also exerted negative effects on the profitability of overseas engineering projects. Meanwhile, the international situation is complex and severe. The risks and uncertainties in the overseas business of the Company have increased, and the possibility of risks arising from changes in the political and economic landscape of the locations where the Company operates overseas businesses has increased.

In this regard, the Company will pay close attention to and study the policies and environment of overseas markets, strengthen management and risk control and improve the hedging mechanism on the fluctuation of the exchange rate. The Company will engage in relevant insurance policies for related businesses and employees to maximize the protection over the interests of the Company. Meanwhile, the Company will implement its "localization strategy" in the overseas market, seeking to establish long-term cooperative relationships with the local customers so as to build up good market reputation overseas.

Emerging Industries Development Risks

While facing development opportunities arising from the construction of a new energy system and the increasing intelligence of industrial equipment, the Company is actively promoting investment in and the strategic deployment of emerging and future industries. However, new business areas may be affected by changes in factors such as the industry environment, market demand, and technological routes. As a result, there are uncertainties regarding the R&D outcomes, market expansion, and profitability of these emerging industries.

In this regard, the Company adheres to the principle of "serving national strategies, aligning closely with national needs", strengthens research on industry trends and policies, increases investment in technological innovation, optimizes the layout of innovation initiatives, and enhances its core competitiveness in emerging industries. By benchmarking against industry leaders, the Company will strengthen cross-industry collaboration, promote horizontal coordination and empowerment, accelerate the establishment of regional headquarters and key customer director mechanisms, and enhance its market development capabilities. In addition, by focusing on initiatives such as penetration-based management, risk prevention and control, and the development of a "comprehensive economic" operations system, the Company aims to further improve its operational and management capabilities.

Source of Funding and Indebtedness

As at 31 December 2025, the Group had an aggregate amount of bank and other borrowings and bonds of RMB45,390 million (2024: RMB46,786 million), representing a decrease of RMB1,396 million as compared with that of the beginning of the year. Borrowings and bonds repayable by the Group within one year amounted to RMB16,557 million, representing a decrease of RMB2,547 million as compared with that of the beginning of the year. Borrowings and bonds repayable after one year amounted to RMB28,833 million, representing an increase of RMB1,151 million as compared with that of the beginning of the year. As at 31 December 2025, among the Group's bank and other borrowings:

(1) unsecured bank borrowings

borrowings denominated in US dollars amounted to USD70,000 thousand in total (2024: USD70,000 thousand), equivalent to RMB492,016 thousand (2024: RMB503,188 thousand);

borrowings denominated in Euros amounted to EUR258,152 thousand in total (2024: EUR221,714 thousand), equivalent to RMB2,126,014 thousand (2024: RMB1,668,551 thousand); borrowings denominated in Hong Kong dollars amounted to HKD815,000 thousand in total (2024: HKD815,000 thousand), equivalent to RMB736,074 thousand (2024: RMB754,723 thousand); borrowings denominated in Yen amounted to JPY Nil in total (2024: JPY538,008 thousand), equivalent to RMB Nil (2024: RMB24,874 thousand).

(2) secured bank borrowings

borrowings denominated in US dollars amounted to USD4,502 thousand in total (2024: USD4,502 thousand), equivalent to RMB31,644 thousand (2024: RMB32,362 thousand); borrowings denominated in Euros amounted to EUR3,671 thousand in total (2024: EUR4,395 thousand), equivalent to RMB30,235 thousand (2024: RMB33,072 thousand).

(3) guaranteed bank borrowings

borrowings denominated in US dollars amounted to USD Nil in total (2024: USD 82,792 thousand), equivalent to RMB Nil (2024: RMB595,140 thousand); borrowings denominated in Euros amounted to EUR196,700 thousand in total (2024: EUR227,300 thousand), equivalent to RMB1,619,923 thousand (2024: RMB1,710,592 thousand).

(4) all other unsecured bank borrowings are denominated in RMB.

As at 31 December 2025, gearing ratio of the Group, which represents the ratio of the sum of interest-bearing bank borrowings and other borrowings and bonds to the sum of total equity of the shareholders plus interest-bearing bank borrowings and other borrowings and bonds, was 40.22%, representing a decrease of 1.75 percentage points as compared with 41.97% at the beginning of the year.

Pledge of Assets

As at 31 December 2025, the Group's bank deposits amounted to RMB1,695 million (2024: RMB1,585 million), construction in progress with a carrying amount of RMB1,313 million (2024: Nil) and certain property and equipment with a carrying amount of RMB2,299 million (2024: RMB1,747 million) were secured to banks to obtain bank borrowings or credit facilities. Part of the Group's bank borrowings was secured by the Group's long-term receivables, with a carrying amount of RMB1,445 million (2024: RMB2,493 million).

Contingent Liabilities

Please refer to note 11 to the financial statements for details.

Capital Commitments

Please refer to note 11 to the financial statements for details.

Proposals for Profit Distribution or Transfer of Capital Reserves to Share Capital

As audited by Ernst & Young Hua Ming LLP, the net profit of the Company for 2025 as shown on the financial statements of the Company (not consolidated) prepared in accordance with the PRC GAAP was RMB285,583 thousand, and the undistributed profits at the beginning of 2025 was RMB-39,474 thousand. After appropriation to statutory surplus reserves of RMB24,611 thousand for the year 2025, the distributable profits amounted to RMB 221,498 thousand.

Upon consideration by the Board of the Company, the proposal for profit distribution for 2025 is as follows: based on the total share capital as at the record date for the Company's profit distribution, a cash dividend of RMB0.1425 (tax inclusive) will be distributed to all shareholders for every 10 shares held, with an estimated aggregate dividend payment of RMB221,447 thousand. The above proposal for profit distribution is to be submitted to the Company's annual general meeting for consideration, and will be implemented after consideration and approval by the annual general meeting.

Final Dividend

The Board of the Company proposed to declare a final dividend for the year 2025. The Company will distribute to all shareholders whose names appear on the register of members of the Company on the record date for the dividend distribution a cash dividend of RMB1.425 cents per share (tax inclusive) (the "Proposed Final Dividend").

The Proposed Final Dividend is subject to approval by the Shareholders of the Company at the Company's forthcoming annual general meeting and is expected to be paid to the shareholders of the Company on or before 30 August 2026.

Closure of Register of Members

The Company will notify its shareholders at a later date about the date of the annual general meeting for the year ended 31 December 2025 as well as the corresponding arrangements for the closure of the register of members.

Contract of Significance

During the Reporting Period, save as disclosed in this report, neither the Company nor any of its subsidiaries had any contract of significance with its controlling shareholder or its subsidiaries, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries (as defined in Appendix D2 to the Hong Kong Listing Rules).

Equity-linked Agreement

During the Reporting Period, no equity-linked agreements were entered into by the Company or subsisted during or at the end of the year that will or may result in the Company issuing shares, or requiring the Company to enter into any agreement that will or may result in the Company issuing shares.

Donations

The Group has earnestly performed its social responsibility. The total expenses of the Group for public welfare projects, charity donations, poverty alleviation donations and education sponsorship in 2025 amounted to RMB5.01 million approximately.

Compliance with Relevant Laws and Regulations

As a public company listed in both Mainland China and Hong Kong, the Company has formulated and continuously improved various rules and regulations in strict compliance with the requirements of relevant laws and regulations and normative documents of China and Hong Kong, including the Company Law, the Code of Corporate Governance for Listed Companies in China, the Corporate Governance Code set out in Appendix C1 to Hong Kong Listing Rules as well as the provisions of the Articles of Association of the Company, to regulate the operations of the Company. The Company is committed to maintaining and improving the Company's good image in the market.

Environmental Policy and Performance of the Company

The Company insists on taking sustainable development as a key point in its strategic development, and endeavors to develop circular economy, improve resource utilization efficiency and build up an eco-friendly manufacturing system in pursuit of green development.

The Company has a production safety and environmental protection committee (the "Committee"). The Committee is chaired by the President of the Company and is responsible for the management and operation of the production safety and environmental protection systems of the Group. The Committee members comprise the responsible persons of the Group's major functional departments and business groups.

During the Reporting Period, the Company advocated energy conservation and consumption reduction, and reduced pollution to the environment arising from each stage of production process and activities through technological innovation. In addition, the Company provided its suppliers and customers with solutions on factory energy conservation, building energy conservation and air-conditioning energy conservation so as to make its humble contribution in promoting the completion of an efficient, visible and sustainable target for energy conservation for the society. In recent years, on the one hand, the Company has been actively promoting high-end technology and making efforts in developing clean energy and green technology, trying to deepen its cultivation in technology fields for high efficiency and clean energy, as well as ultra-low emission and near zero emission, and to build up an industrial base; and on the other hand, the Company has been actively developing the environment protection business with a focus on environment protection facilities, integrated treatment of pollutants, and comprehensive utilization of resources. So far, the Company has built up its capability in general contracting in respect of power plant environmental facilities, solid waste treatment, sewage treatment, biomass power generation, and environment protection engineering projects.

During the Reporting Period, the Company has complied with the "Comply or Explain" provision under the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 of the Hong Kong Listing Rules. The Company will separately prepare the 2025 sustainability report, which will be separately published by the end of April 2026.

Review of Annual Results by Audit Committee

The Audit Committee is responsible for the communication,

supervision and review of the Company's internal and external audit work and providing professional advice to the Board. The Audit Committee has reviewed and confirmed the Group's audited financial statements and the annual results of the Company for the year ended 31 December 2025 and has raised no objection to the accounting policies and practices adopted by the Group.

Purchase, Redemption or Sale of Listed Securities of the Company

On 9 April 2025, the Board considered and approved the relevant resolution, pursuant to which, the Company intended to repurchase A shares of the Company on Shanghai Stock Exchange through centralized price bidding for reducing the registered capital of the Company. The repurchase amount was expected to be no less than RMB150 million (inclusive) and no more than RMB300 million (inclusive), the repurchase price should not exceed 150% of the average trading price of the Company's shares for the 30 trading days prior to the date on which the Board considers and approves the resolution in relation to the repurchase, i.e. not exceeding RMB12.29 per share (inclusive). The repurchase plan was approved at the 2024 annual general meeting, 2025 first A Share class meeting and 2025 first H Share class meeting of the Company.

As at 13 August 2025, the Company completed the implementation of the repurchase plan. A total of 39,687,456 A shares of the Company were repurchased (with a total payment for repurchase amounted to RMB299,977.7 thousand), and the cancellation of the above shares was completed on 15 August 2025.

The monthly reports of the Company during the repurchase period are as follows:

Unit: Yuan; Currency: RMB

Month of repurchase	Number of repurchase (share)	Lowest trading price per share	Highest trading price per share	Total funds (excluding transaction fee)
June 2025	8,204,300	7.25	7.36	59,919,353.00
July 2025	25,724,556	7.26	8.02	192,028,103.24
August 2025	5,758,600	8.14	8.60	48,030,253.00

Save as disclosed above, during the Reporting Period, no purchase, sale or redemption of the Company's listed securities (including sale of treasury shares (as defined in the Hong Kong Listing Rules)) has been made by the Company or any of its subsidiaries.

As at the end of the Reporting Period, the Company does not hold any treasury shares (including any treasury shares held or deposited in the Hong Kong Central Clearing and Settlement System).

Reserves

Details of the movements in the reserves of the Company and the Group during the year were set out in note 5(54), 5(55), 5(56) to the financial statements and the consolidated statement of changes in equity.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Company and the Group during the year were set out in note 5(22) to the financial statements.

Directors' Rights to Acquire Shares and Debentures

At no time during the year were rights to acquire benefits by means of an acquisition of shares or debentures of the Company granted to any Directors or their respective spouse or minor children; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Sufficiency of Public Float

Based on publicly available information and to the best knowledge of the Directors, the Board confirms that the Company has maintained sufficient public float as at the latest practicable date prior to the issue of this report.

Pre-emptive Rights Arrangement

Under the requirements of the PRC laws and the Articles of Association, the Company's shareholders have no preemptive rights.

Tax Relief and Exemption

Shareholders of the Company are taxed in accordance with the applicable tax regulations and the amendments thereof from time to time, and may be eligible for possible tax relief based on their specific circumstances. Shareholders should seek professional advice from their tax and legal advisors regarding specific tax matters.

Wu Lei
Chairman

SIGNIFICANT EVENTS

The disclosure of the following matter will not, in the Directors' opinion, be harmful to the business of the Company.

Connected Transactions and Continuing Connected Transactions

According to the requirements of the Hong Kong Listing Rules, the connected transactions and continuing connected transactions between the Company and its subsidiaries (the "Group") and their connected persons for the year ended 31 December 2025 are disclosed in detail as follows:

Connected Transactions

Entrusted Wealth Management and Connected Transaction

On 28 March 2025, the Board considered and approved the relevant resolution, pursuant to which, the Company would use the temporarily idle funds to invest in the fixed-income trust scheme with R3 and below risks of J-Yuan Trust Co., Ltd.(建元信託股份有限公司), with maximum daily balance of not more than RMB2,000 million (including earnings, which may be utilized on a revolving basis within the limit) from 1 April 2025 to 31 March 2026. For further details, please refer to the Company's announcements dated 28 March 2025 and 10 April 2025.

As at the end of the Reporting Period, the details of the trust wealth management products of J-Yuan Trust Co., Ltd. in which the Company has invested. are as follows:

Unit: '000; Currency: RMB

Type of entrusted wealth management	Risk characteristic	Amount of entrusted wealth management	Start date of entrusted wealth management	Maturity date of entrusted wealth management	Fund investment direction	Restriction status	Actual profit or loss	Unmatured Amount	Overdue unrecovered amount
Trust wealth management product	Low risk	200,000	29 May 2025	Redemable at any time	Insurance asset management products; underlying assets include deposits, deposit certificates, reverse repurchases and bond funds	No	2,183	200,000	0
Trust wealth management product	Low risk	300,000	18 December 2025	Redemable at any time	Insurance asset management products; underlying assets include deposits, deposit certificates, reverse repurchases and bond funds	No	228	300,000	0

Continuing Connected Transactions

Continuing Connected Transactions with SEGC

Sales framework agreement

The Company entered into sales framework agreement with SEGC on 19 October 2022, pursuant to which the Group agrees to provide electrical engineering, mechanical products and other related services to SEGC and its subsidiaries and associates (the "Parent Group"). The approved annual caps of the relevant sales for the years ended 31 December 2023, 2024 and 2025 is RMB700,000,000, RMB700,000,000 and RMB700,000,000.

The above sales framework agreement was entered into in the ordinary course of business of the Group and is on normal commercial terms. The various types of products and services under the sales framework agreement shall be priced according to the following general principles in sequential order:

- where there is government (including local government) prescribed price, such price shall apply;
- where there is no such government prescribed price, the price shall fall within the band of government guidance price;
- where there is no such government guidance price, the price will be determined with reference to the selling price of the same or similar products and services between the Group and independent third party customers from time to time. In order to ensure that the selling prices are fair and reasonable, the Group will compare the price offered by the Parent Group against that between the Group and independent third party customers requiring the same or similar products and services. The Group will only sell to the Parent Group if they are not less favourable to the prices between the Group and independent third parties.

The term of the sales framework agreement is three years commencing on 1 January 2023, renewable at the option of the Company by giving three months' notice prior to the expiry of the agreement.

The actual sales to the Parent Group for the year ended 31 December 2025 was RMB471.39 million.

Purchase framework agreement

The Company entered into purchase framework agreement with SEGC on 19 October 2022, pursuant to which the Group agrees to purchase certain component parts, such as automatic instruments, other mechanical equipment and raw materials from the Parent Group. The approved annual caps of the relevant purchases for the years ended 31 December 2023, 2024 and 2025 is RMB500,000,000, RMB500,000,000 and RMB500,000,000.

The above purchase framework agreement was entered into in the ordinary course of business of the Group and is on normal commercial terms. The various types of products and services under the purchase framework agreement shall be priced according to the following general principles in sequential order:

- where there is government (including local government) prescribed price, such price shall apply;
- where there is no such government prescribed price, the price shall fall within the band of government guidance price;
- where there is no such government guidance price, the price will be determined with reference to the prevailing market price for the same or similar products and services provided by independent third party vendors from time to time. In order to ensure that the prices are fair and reasonable and in line with the prevailing market, the Group will obtain quotations from independent third party vendors providing the same or similar products and services. Such quotations will be compared against the quotations from the Parent Group and the Group will only accept the Parent Group's quotation if they are not less favourable to the Group.

The term of the purchase framework agreement is three years commencing on 1 January 2023, renewable at the option of the Company by giving three months' notice prior to the expiry of the agreement.

The actual purchase from the Parent Group for the year ended 31 December 2025 was RMB137.62 million.

Provision of comprehensive services framework agreement

The Company entered into provision of comprehensive services framework agreement with SEGC on 19 October 2022, pursuant to which the Group agrees to provide the Parent Group with informationization, professional consultation, entrusted management, house leasing and other services. The approved annual caps of the provision of relevant comprehensive services for the years ended 31 December 2023, 2024 and 2025 is RMB400,000,000, RMB400,000,000 and RMB400,000,000.

The provision of comprehensive services framework agreement was entered into in the ordinary course of business of the Group and is on normal commercial terms. The various types of services under the provision of comprehensive services framework agreement shall be priced according to the following general principles in

sequential order:

- where there is government (including local government) prescribed price, such price shall apply;
- where there is no such government prescribed price, the price shall fall within the band of government guidance price;
- where there is no such government guidance price, the price will be determined with reference to the price of the same or similar services offered by the Group to independent third party customers from time to time. In order to ensure that the provision prices are fair and reasonable, the Group will compare the price offered by the Parent Group against that between the Group and independent third party customers requiring the same or similar services and the Group will only provide services to the Parent Group if they are not less favourable to the prices between the Group and independent third party customers.

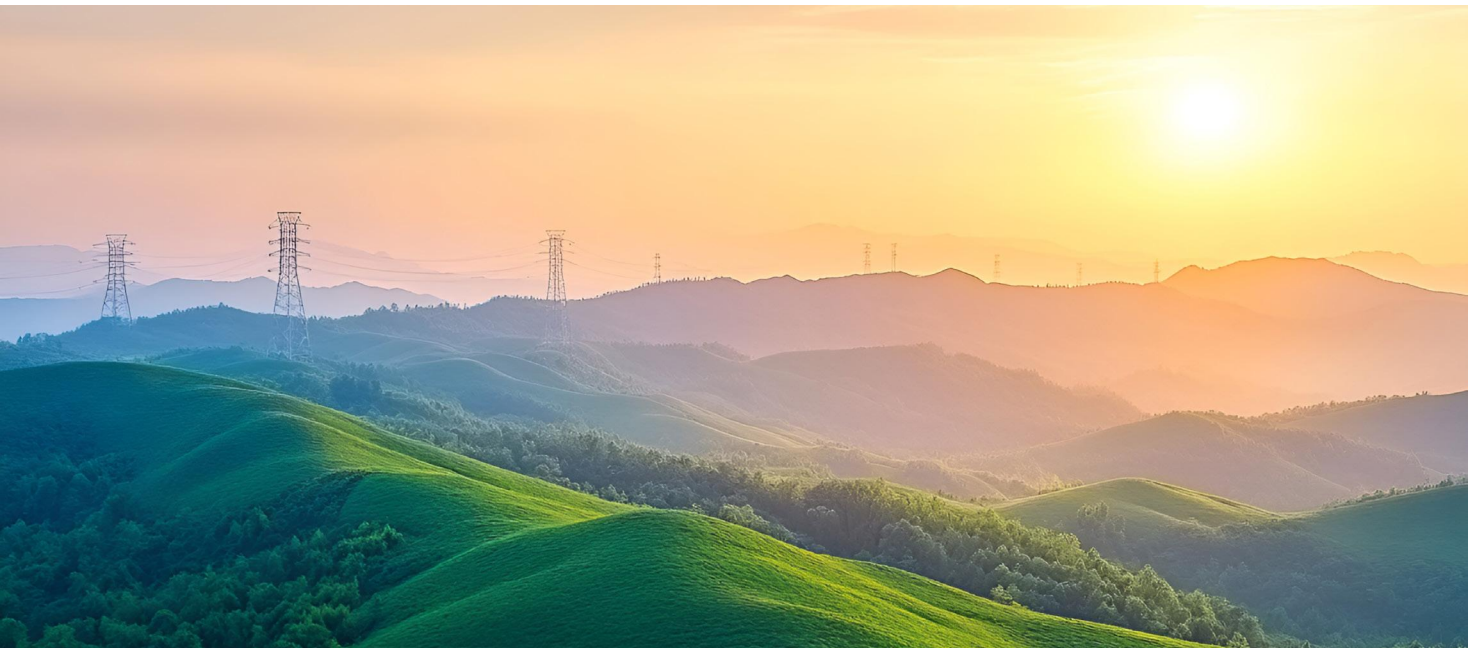
The term of the provision of comprehensive services framework agreement is three years commencing on 1 January 2023, renewable at the option of the Company by giving three months' notice prior to the expiry of the agreement.

The actual comprehensive services provided for the Parent Group for the year ended 31 December 2025 was RMB244.13 million.

Acceptance of comprehensive services framework agreement

The Company entered into acceptance of comprehensive services framework agreement with SEGC on 19 October 2022, pursuant to which the Group agrees to accept the comprehensive services provided by the Parent Group, including but not limited to property management, house leasing, training services, etc. The approved annual caps of the acceptance of relevant comprehensive services for the years ended 31 December 2023, 2024 and 2025 is RMB200,000,000, RMB200,000,000 and RMB200,000,000.

The acceptance of comprehensive services framework agreement was entered into in the ordinary course of business of the Group and is on normal commercial terms.



The various types of services under the acceptance of comprehensive services framework agreement shall be priced according to the following general principles in sequential order:

- where there is government (including local government) prescribed price, such price shall apply;
- where there is no such government prescribed price, the price shall fall within the band of government guidance price;
- where there is no such government guidance price, the price will be determined with reference to the prevailing market price of the same or similar services offered by independent third party vendors from time to time. In order to ensure that the prices are fair and reasonable and in line with the prevailing market, the Group will obtain quotations from independent third parties providing the same or similar services. Such quotations will be compared against the quotations from the Parent Group and the Group will only accept the Parent Group's quotations if they are not less favourable to the Group.

The term of the acceptance of comprehensive services framework agreement is three years commencing on 1 January 2023, renewable at the option of the Company by giving three months' notice prior to the expiry of the agreement.

The actual comprehensive services provided by the Parent Group for the year ended 31 December 2025 was RMB56.02 million.

Financial services framework agreement

On 19 October 2022, Shanghai Electric Group Finance Company Limited ("Finance Company"), a subsidiary of the Company, entered into financial services framework agreement with SEG, pursuant to which Finance Company provides deposit services, loan and bill discounting services and intermediary business services to the Parent Group.

The financial services framework agreement was entered into in the ordinary course of business of the Group and is on normal commercial terms. The term of the agreement is three years commencing on 1 January 2023, renewable at the option of Finance Company by giving three months' notice prior to the expiry of the agreement.

(i) Deposit services

Pursuant to the financial services framework agreement, Finance Company provides deposit services for the Parent Group. For the years ended 31 December 2023, 2024 and 2025, the approved annual caps of maximum daily balance of deposits (including interests) from the Parent Group is RMB15,000,000,000, RMB15,000,000,000 and RMB15,000,000,000.

The interest rates offered by Finance Company for the deposits placed by the Parent Group shall be:

- subject to the relevant guidelines and regulations of the People's Bank of China ("PBOC"); and

- set with reference to the relevant savings rates set by PBOC from time to time as well as the rates set by the major commercial banks in the PRC.

The actual daily balance of deposits (including interests) from the Parent Group for the year ended 31 December 2025 did not exceed the approved annual cap of RMB15,000,000,000. Besides, the Parent Group received interest income of RMB72.22 million for the deposits from Finance Company for the year ended 31 December 2025.

(ii) Loan and bill discounting services

Pursuant to the financial services framework agreement, Finance Company provides the Parent Group with loan and bill discounting business. For the years ended 31 December 2023, 2024 and 2025, the approved annual caps of maximum daily balance of outstanding loans and bill discounting of the Parent Group (including interests) is RMB15,000,000,000, RMB15,000,000,000 and RMB15,000,000,000.

Interest rates set by Finance Company for all loan and bill discounting services provided to the Parent Group shall be:

- subject to the relevant guidelines and regulations of the PBOC; and
- determined based on the loan prime rate announced by the National Inter-bank Funding Center.

The actual daily balance of outstanding loans and bill discounting of the Parent Group (including interests) in the year ended 31 December 2025 did not exceed the approved annual cap of RMB15,000,000,000. Besides, the Parent Group paid interest of RMB294.86 million, which was derived from loans and discounted bills, to Finance Company for the year ended 31 December 2025.

(iii) Intermediary business services

Pursuant to the financial services framework agreement, Finance Company provides the Parent Group with intermediary business services, including but not limited to agency business, foreign exchange business, bill

acceptance business, online clearing business, consulting business, etc. For the years ended 31 December 2023, 2024 and 2025, the approved annual caps of intermediary business services fee from the Parent Group (including interests) is RMB20,000,000, RMB20,000,000 and RMB20,000,000.

The handling fees set by Finance Company for intermediary business services provided to the Parent Group shall be:

- subject to the relevant guidelines and regulations of the PBOC, China Banking and Insurance Regulatory Commission and National Development and Reform Commission of the People's Republic of China; and
- with reference to the normal commercial market rates and/or the rates charged by three third party financial institutions for similar intermediary business for the same period.

The intermediary business services fee charged by Finance Company to the Parent Group for the year ended 31 December 2025 was RMB1.71 million.

On 30 October 2025, the Company entered into the daily connected transaction framework agreement with SEGC. For the three years ending 31 December 2026, 2027 and 2028, the annual caps for connected transaction of sales is RMB700,000,000 each year, the annual caps for connected transaction of purchase is RMB900,000,000 each year, the annual caps for connected transaction of provision of comprehensive services is RMB400,000,000 each year, the annual caps for connected transaction of acceptance of comprehensive services is RMB200,000,000 each year, the annual caps for connected transaction of provision of financial leasing services is RMB100,000,000 each year, the annual caps for connected transaction of provision of factoring services based on the payment obligations is RMB500,000,000, RMB700,000,000 and RMB1,000,000,000, and the annual caps for connected transaction of provision of insurance services is RMB120,000,000, RMB150,000,000 and RMB180,000,000.

On 30 October 2025, Finance Company entered into financial services framework agreement with SEGC. For the

three years ending 31 December 2026, 2027 and 2028, the annual caps of maximum daily balance of deposits from the Parent Group are RMB15,000,000,000, the annual caps of maximum daily balance of loans and bill discounting of the Parent Group are RMB18,000,000,000, and the annual caps of intermediary business services fee from the Parent Group are RMB20,000,000.

MESMEE Purchase Framework Agreement

Mitsubishi Electric Corporation ("Mitsubishi Electric") holds more than 10% of the equity interest in SMEC, a subsidiary of the Company. Mitsubishi Electric Shanghai Mechanical & Electrical Elevator Co., Ltd. ("MESMEE") is held as to 40% by Shanghai Mechanical & Electrical Industry Co., Ltd., a 48.81% owned subsidiary of the Company, 40% by Mitsubishi Electric and 20% by Mitsubishi Electric Building Technology Co., Ltd., a wholly-owned subsidiary of Mitsubishi Electric.

SMEC entered into the MESMEE Purchase Framework Agreement with MESMEE on 19 October 2022. Pursuant to the agreement, the annual caps of the purchases for the years ended 31 December 2023, 2024 and 2025 is RMB3,000,000,000, RMB3,000,000,000 and RMB3,000,000,000.

The price of products purchased from MESMEE is determined based on arm's length commercial negotiations in accordance with general principles of fairness and reasonableness with reference to the market price and the historical transaction price by taking into account the actual or reasonable cost (whichever is lower) incurred thereof plus a reasonable profit margin.

The term of the agreement is three years commencing on 1 January 2023.

The actual purchases from MESMEE by SMEC for the year ended 31 December 2025 was RMB1,286.25 million.

On 30 October 2025, SMEC entered into purchase framework agreement with MESMEE. The annual caps of

the relevant purchase between SMEC and MESMEE for the years ended 31 December 2026, 2027 and 2028 are RMB2,000,000,000.

Pursuant to Rule 14A.55 and Rule 14A.71(6)(a) of the Hong Kong Listing Rules, the continuing connected transactions set out above have been reviewed by the independent non-executive directors, who confirmed that the aforesaid continuing connected transactions were entered into: (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or on better; and (c) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 and 14A.71(6)(b) of the Hong Kong Listing Rules, the Board of Directors engaged the auditor of the Company to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued a letter to confirm the matters set out in Rule 14A.56. of the Hong Kong Listing Rules in respect of the above continuing connected transactions.

Significant Related Party Transactions

The Company confirms that it has complied with the requirements in accordance with Chapter 14A of the Hong Kong Listing Rules in respect of the above connected transactions. Save as disclosed above, significant related party transactions which do not constitute the connected transactions under the Hong Kong Listing Rules during the year have been disclosed in note 10 to the annual financial statements prepared in accordance with the PRC Accounting Standard for Business Enterprises.

Other Major Events

Abolishment of the Supervisory Committee and the Amendments to the Articles of Association and Its Appendices

In order to fully implement laws, regulations and regulatory requirements, and to further enhance the level of corporate governance, according to the provisions of the Company Law, the Guidelines for the Articles of Association of Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Guidance No.1 of Shanghai Stock Exchange for Self-regulation of Listed Companies – Standardised Operation and other relevant laws, regulations and normative documents, and taking into account the actual situation of the governance reform of the Company, the Company decided to abolish the supervisory committee, with the Audit Committee of the Board exercising the powers and functions of the supervisory committee as stipulated in the Company Law, make amendments to the Articles of Association of the Company, the Rules of Procedure for the General Meeting and the Rules of Procedure for the Board of Directors as annexed hereto, and repeal the Rules of Procedure for the Supervisory Committee. The above proposal was approved at the 2025 first extraordinary general meeting of the Company held on 8 August 2025. The latest version of the Articles of Association has been published on the websites of the Company and the Stock Exchange.

Participation of Shareholder Holding More than 5% of the Shares in Exchange for Securities Investment Fund

Shanghai State-owned Capital Investment Co., Ltd. ("SSCI") cumulatively exchanged 77,899,000 unrestricted tradable A shares of the Company, accounting for 0.50% of the total share capital of the Company, in CSI Shanghai State-owned Exchange Traded Index-based Investment Fund from 24 January 2025 to 7 February 2025 through centralized price bidding. Upon completion of the transactions, the shareholding percentage of SSCI in the Company decreased from 5.04% to 4.54%.

Litigations in Relation to SINOMECE

The Company provided loans totaling RMB1 billion to SINOMECE Engineering Group Co., Ltd. (中國能源工程集團有限公司) ("SINOMECE") in 2019 and 2020, and thereafter SINOMECE repaid the principal amount of RMB1 million and a portion of the interest. Upon loan maturity and subsequent collections efforts, both SINOMECE and the Guarantor have failed to fulfill their contractual obligations as agreed. The Company formally filed a lawsuit with the Shanghai Financial Court (上海金融法院) and requested for order for SINOMECE shall repay the principal amount of the loan together with interest, penalty and compound interest; the Company is entitled to be repaid SINOMECE's debt to the Company on a preferential basis by way of discounting, auction or sale of the relevant equity interest of SINOMECE pledged by Shanghai Zhongyou Guodian Energy Co., Ltd. (上海中油國電能源有限公司) and Shanghai Changtai Electric Co., Ltd. (上海昌泰電氣有限公司); China Pufa Machinery Industry Co., Ltd. (中國浦發機械工業股份有限公司) ("Pufa Machinery") and Zhongji Guoneng Engineering Co., Ltd. (中機國能工程有限公司) shall be jointly and severally liable for the relevant debt of SINOMECE; the defendants shall bear the litigation costs, legal fees and other expenses for realizing the creditor's rights. In September 2024, the Company entered into the Settlement Agreement with Pufa Machinery and its wholly-owned subsidiary Shanghai Pujin Enterprise Development Co., Ltd. (上海浦進企業發展有限公司). In August 2025, the Company pursued claims against other debtors, including SINOMECE and the guarantors, for the remaining debts of the loan to SINOMECE, and has formally filed a lawsuit with the Shanghai Pudong New Area People's Court and the cases have been officially accepted by the court.

Material Arbitrations in Relation to the Sasan Project in India

In June 2008, the Company and Reliance Infra Projects (UK) Limited (the "Reliance UK"), entered into the Equipment Supply and Service Contract (the "Contract") with a contracted amount of USD1,311,000,000, pursuant to which, the Company (as the supplier) shall provide major equipment and relevant services for the project of Sasan 6*660MW Ultra

Large Supercritical Coal-fired Power Station in India (the "project"), Reliance Infrastructure Limited (the "Reliance") issued the letter of guarantee for the payment obligations of Reliance UK under the Contract, and Sasan Power Limited (the "Sasan Power") owned and operated the power station. Since Reliance UK still failed to pay for the equipment purchased and other relevant payables to the Company after the project commenced commercial operation for several years, the Company filed to the Singapore International Arbitration Centre ("SIAC") for arbitration in December 2019, requiring Reliance to pay for equipment purchased and other relevant payables in the amount of at least USD135,320,728.42 to the Company as agreed in the letter of guarantee issued by Reliance for Reliance UK (the "First Arbitration"). In December 2021, the Company received a notice of acceptance for an arbitration brought by Reliance UK against the Company issued by the SIAC, pursuant to which Reliance UK requested the Company to compensate for its losses of approximately USD388.75 million related to the contract. Reliance UK also believed that the letter of performance guarantee was unreasonably released and requested the Company to issue a letter of performance guarantee in the amount of approximately USD120.175 million to guarantee its claims. In December 2022, the Company received the award issued by SIAC for the First Arbitration, which ordered Reliance to pay the Company the sum of USD146,309,239.27. In May 2023, the Company received a notice from the Singapore International Commercial Court ("SICC") that Reliance has filed an application to the SICC seeking to have the award for the First Arbitration by SIAC set aside in its entirety. The application was accepted by the SICC. In January 2024, the Company received a notice from the SICC that the SICC had entered a judgment, rejecting Reliance's application to set aside the award for the First Arbitration in its entirety and also awarding Reliance to pay to the Company the litigation costs related to this case.

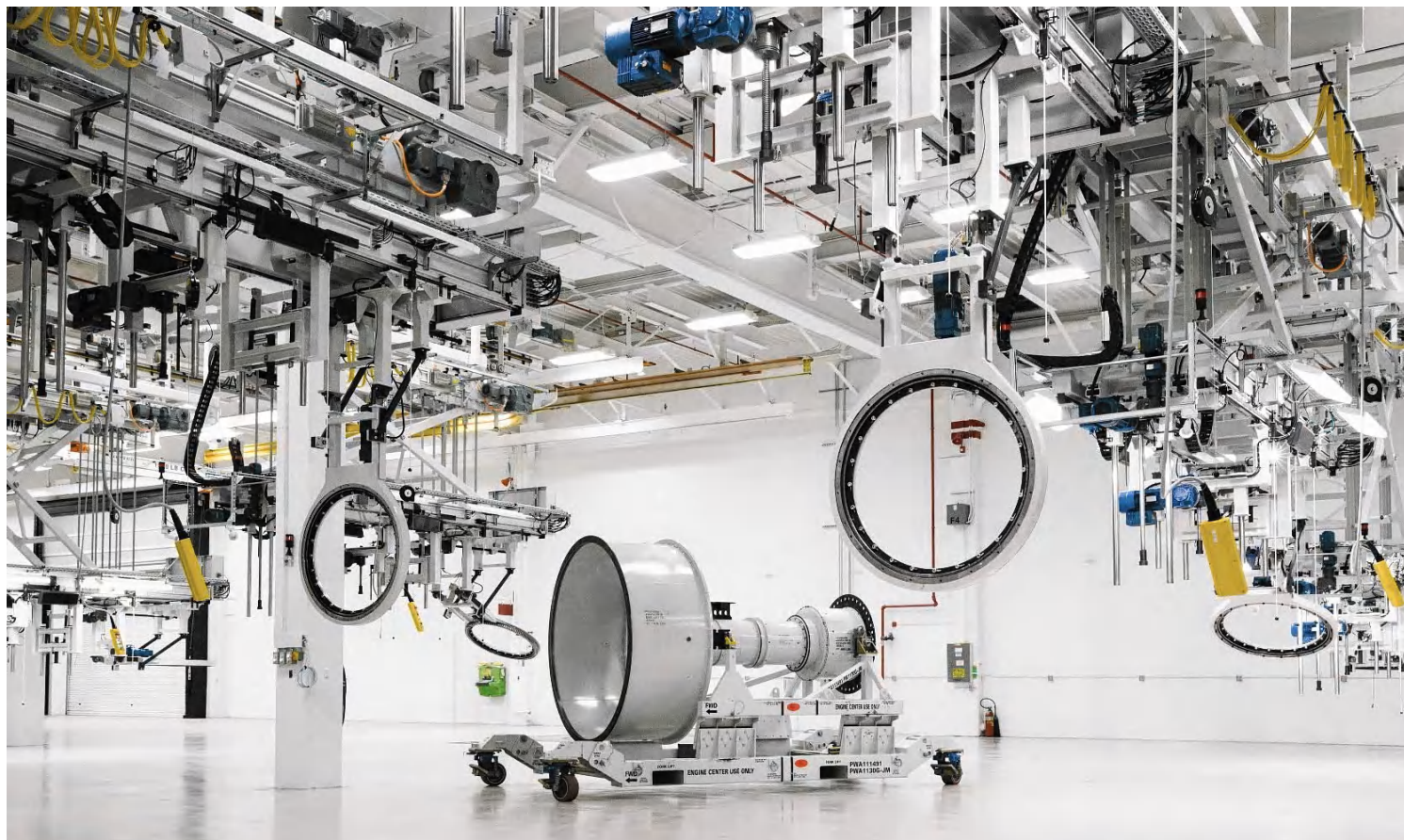
Litigations in Relation to SECT

Shanghai Electric Communication Technology Co., Ltd. (上海電氣通訊技術有限公司) ("SECT"), a controlled subsidiary of the Company, filed petitions to the court in 2021, to request

Beijing Capital Group Co., Ltd (北京首都創業集團有限公司) ("Capital Company") and Beijing Capital Group Company Limited Trading Branch (北京首都創業集團有限公司貿易分公司) ("Capital Trading") to settle the payment for goods in a total amount of approximately RMB1,193 million and the damages for breach of contract. In July 2022, SECT received the civil ruling issued by Shanghai No. 2 Intermediate People's Court (上海市第二中級人民法院) on the cases of SECT suing Capital Company and Capital Trading. The court held that after review, the facts involved in these cases were related to the contract fraud cases of Capital Company, which were filed and investigated by the Beijing Municipal Public Security Bureau. The court also held that the trial results of these cases must be based on the trial results of the contract fraud cases, and ruled that the cases be stayed.

SECT filed petitions to the court in 2021, to request Harbin Industrial Investment Group Co., Ltd. (哈爾濱工業投資集團有限公司) ("Harbin Industrial Investment") to settle the payment for goods in a total amount of approximately RMB392,973.5 thousand and the damages for breach of contract. In December 2021, SECT received the first – instance judgment regarding the cases of SECT suing Harbin Industrial Investment. In July 2022, SECT received the notice of response and the civil ruling issued by Shanghai Higher People's Court (上海市高級人民法院). The court held that after review, the cases should be based on the outcomes of other civil and commercial cases involving Sui Tianli and others and thus the appeal cases of Harbin Industrial Investment were ruled to be stayed by the court.

SECT filed petitions to the court in 2021, to request Fortune Industrial Corp. (富申實業公司) ("Fortune Industrial") to settle the payment for goods in a total amount of approximately RMB787,956.2 thousand and the damages for breach of contract. In November 2021, Fortune Industrial sued SECT for the return of the advance and payments for goods in a total amount of approximately RMB97,741.8 thousand. During the period from May to June 2022, Shanghai Yangpu District People's Court (上海市楊浦區人民法院) ruled that the cases regarding SECT suing Fortune Industrial were stayed. In July 2022, SECT received the civil



ruling issued by Shanghai Yangpu District People's Court on the cases of Fortune Industrial suing SECT. The court held that after review, the cases should be based on the outcomes of other cases, which had not been concluded yet, and ruled that the cases are stayed.

SECT filed petitions to the court in 2021, to request Nanjing Changjiang Electronics Group Co., Ltd. (南京長江電子信息產業集團有限公司) ("Nanjing Changjiang") to settle the payment for goods in a total amount of approximately RMB2,089,000.8 thousand and the damages for breach of contract. During the period from May to June 2022, Shanghai Yangpu District People's Court ruled that the cases regarding SECT suing Nanjing Changjiang were stayed.

Jiangsu Zhongli Group Co., Ltd. (江蘇中利集團股份有限公司) ("Jiangsu Zhongli") brought a claim against SECT to request payment for goods, the corresponding interest and attorney's fee for litigation in a total amount of approximately RMB545,075.7 thousand in 2021. In July 2022, SECT received notice of response, civil complaint and civil ruling and other materials from Shanghai Yangpu District People's Court. Jiangsu Zhongli applied for withdrawal of the lawsuits and re-litigated against SECT for payment for goods, the corresponding interest and attorney's fee for litigation in a total amount of approximately RMB544,348 thousand. Shanghai Yangpu District People's Court (上海市楊浦區人民法院), after consideration and review, held that as the cases had to be based on the outcomes of other case, and as the other case had not yet been concluded, the cases met the circumstances for statutory stay of litigation and ruled that the cases were stayed.

During the Reporting Period, there was no material investment held by the Group or future plans for material investments or acquisition of capital assets, and none of each individual investment held by the Group constituted 5% or above of the total assets of the Group as at the end of the Reporting Period.

Save as disclosed in this report, the Company did not make any material acquisition or disposal of subsidiaries, associates or joint ventures during the Reporting Period.

Significant Events After the Reporting Period

During the period from 31 December 2025 to the date of this report, no significant events after the Reporting Period have occurred in relation to the Group.

Appointment, Removal and Remuneration of Auditors

Unit: million; Currency: RMB

	Currently appointed
Name of the PRC auditor	Ernst & Young Hua Ming LLP
Remuneration of the PRC auditor	23.43
Number of years of audited by PRC auditors	2
	Currently appointed
Name of auditor for Internal controls review	Ernst & Young Hua Ming LLP
Remuneration of auditor for Internal controls review	3.98

The extraordinary general meeting of the Company held on 21 October 2024 approved the resolution of appointment of Ernst & Young Hua Ming LLP as the Company's auditor for the year of 2024. PricewaterhouseCoopers Zhong Tian LLP, the Company's auditor for the year of 2023, has confirmed to the Board that there are no matters in relation to the proposed change of auditor that need to be brought to the attention of the Shareholders of the Company.

Save as disclosed above, there was no change of auditors of the Company during the last three years.

AUDITOR'S REPORT

To the Shareholders of Shanghai Electric Group Co., Ltd.,

I. Opinion

We have audited the accompanying financial statements of Shanghai Electric Group Co., Ltd., which comprise:

- the consolidated and company balance sheets as at 31 December 2025;
- the consolidated and company income statements for the year then ended;
- the consolidated and company statements of changes in shareholders' equity for the year then ended;
- the consolidated and company cash flow statements for the year then ended; and
- notes to the financial statements.

In our opinion, the accompanying financial statements of Shanghai Electric Group Co., Ltd. present fairly, in all material respects, the consolidated and company's financial position of Shanghai Electric Group as at 31 December 2025, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs").

II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Shanghai Electric Group Co., Ltd. in accordance with China Code of Independence for Certified Public Accountants No. 1: Requirements for Independence in Financial Statement Audits and Review Engagements and China Code of Ethics for Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We have complied with the independence requirements for audits of public interest entities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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 Financial Statements section of our report, including those in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to the assessed risks of material misstatement of the 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 financial statements.

Key Audit Matter

How our audit addressed the Key Audit Matter

Revenue recognition relating to sales of goods, construction services, and provision for onerous contracts

In 2025, the consolidated revenue of Shanghai Electric Group Co., Ltd. and its subsidiaries (hereinafter referred to as "Shanghai Electric Group") was RMB 126,678,586 thousand, of which approximately 79.98% was resulted from sales of goods and approximately 6.71% was resulted from construction services. In 2025, the amount of provision for onerous contracts charged to the income statement was RMB 774,538 thousand.

When the customers gain control over the relevant goods or services, Shanghai Electric Group recognises revenue in accordance with the amount of consideration which it expects to be entitled to receive.

We focused on revenue recognition relating to sales of goods, construction services and provision for onerous contracts and identified these as key audit matters based on the following reasons:

Revenue is one of the key performance indicators of Shanghai Electric Group. Whether revenue is properly recognised and recorded in the correct accounting period has a significant impact on the financial statements.

For the recognition of revenue from sale of goods, our audit procedures mainly include:

- obtaining an understanding and evaluating the design of internal control related to revenue arising from sales of goods and testing the operating effectiveness of the key controls;
- obtaining an understanding of the revenue recognition policy for sales of goods, analysing and evaluating whether the point of time when control transfers was consistent with the relevant accounting policies in CASs by inspecting key sales contracts on a sampling basis to check key terms;
- performing test of details on a sampling basis, checking the supporting documents related to recognition of revenue from sale of goods, including sales contracts, orders, goods transportation documents, customer receipts, sales invoices, etc.;
- performing analytical review procedures to analyse the reasonableness of changes in revenue from sales of goods and gross profit margin;
- performing cut-off test to evaluate whether revenue was recorded in the appropriate accounting period;
- selecting a specific criterion of revenue recognition journal entries to perform the journal entry test on revenue from sales of goods; and
- reviewing the relevant disclosures of revenue from sale of goods in the financial statements.

For revenue from construction services and provision for onerous contracts, our audit procedures mainly include:

Key Audit Matter

How our audit addressed the Key Audit Matter

Revenue recognition relating to sales of goods, construction services, and provision for onerous contracts (cont'd)

Revenue from sales of goods involves various goods and large number of customers, as well as large volume and distribution across multiple geographic regions. The amount of revenue recognised from sales of goods has a significant impact on the financial statements.

Revenue recognition relating to construction services and provision for onerous contracts involves significant estimations and judgements made by the management. Shanghai Electric Group adopted the percentage of completion method to account for the revenue from construction services.

Meanwhile, management of Shanghai Electric Group assessed whether the unavoidable contracts costs to fulfil contractual obligations exceeded the economic benefits expected to be received at balance sheet date, and made provision for the onerous contracts based on the estimated minimum net cost of exiting from the contracts, including existing or potential unpredictable expenditures to be incurred before completion or delivery. The estimations were subject to high degree of uncertainty and subjectivity.

For disclosure of recognition of revenue from sales of goods, construction services and provision for onerous contracts, refer to Note 3 (22), Note 3 (23), Note 3 (34(2)), Note 5 (43) and Note 5 (57) to the financial statements.

- obtaining an understanding of the design of internal control related to recognition of revenue from construction services and provision for onerous contracts, and testing the operating effectiveness of key internal controls;
- obtaining the revenue and cost statement prepared by management for construction services and the list of provisions for onerous contract, reconciling the total amount to the revenue and cost subledger, and checking the accuracy of revenue and cost statement for construction services and the calculation of provisions for onerous contracts;
- checking construction contracts on a sampling basis and discussing with management to review the reasonableness of the calculation and estimation of total contract revenue;
- performing the following key procedures on a sampling basis for the estimated total cost of construction contracts and the estimated total cost of onerous contracts:
 - (1) checking the constituent elements of estimated contract cost against supporting documents such as procurement contracts to identify any omitted cost;
 - (2) discussing and checking relevant supporting documents with the project engineer to assess the reasonableness of the estimated total contract cost;
 - (3) comparing the estimated total contract cost with the constituent elements of actual cost of similar completed projects to assess the reasonableness of the estimated total cost;
 - (4) comparing and analysing the actual total costs of completed projects to management's prior estimation of estimated total contract cost to assess management's historical estimation accuracy.
- for actual costs incurred, checking the related supporting documents, including the contracts, invoices, equipment acceptance documents, progress confirmation slips, etc. on a sampling basis, and checking the actual construction costs recognised before and after the balance sheet date against the supporting documents, including the equipment acceptance documents, progress confirmation slips, etc., to assess whether the actual costs incurred were recognised in the correct reporting periods;
- recalculating the percentage of completion and the estimated gross profit recognised in the current period to assess the accuracy of revenue recognition relating to construction services and provision for onerous contracts; and
- reviewing the relevant disclosure of revenue from construction services in the financial statements.

Key Audit Matter

How our audit addressed the Key Audit Matter

Expected credit losses on trade acceptance notes receivable, accounts receivable, contract assets, finance lease receivables and sale-leaseback receivables, and loans and advances to customers

As at 31 December 2025, the net carrying amount of Shanghai Electric Group's trade acceptance notes receivable was RMB 1,162,864 thousand, after netting off the provision for impairment of RMB 924,825 thousand. The net carrying amount of accounts receivable as at the same date was RMB 37,032,557 thousand, after netting off the provision for impairment of RMB 17,778,212 thousand. The net carrying amount of contract assets as at the same date was RMB 37,740,898 thousand, after netting off the provision for impairment of RMB 1,435,501 thousand.

Shanghai Electric Group provided for impairment of trade acceptance notes receivable, accounts receivable and contract assets based on the expected credit losses ("ECLs") during lifetime.

For trade acceptance notes receivable, accounts receivable and contract assets with significantly different credit risk characteristics, Shanghai Electric Group evaluated the distribution of expected cash flows under multiple scenarios based on historical credit loss experience, operating model, current situations and forecasts of future conditions of contract counterparties under different situations, taking into account the professional legal advice from external lawyers and the asset preservation related to the litigation, and made corresponding provision for ECLs according to ECLs rate and the related probability weight under different scenarios.

Obtaining an understanding of management's design of internal control in relation to the impairment provision of trade acceptance notes receivable, accounts receivable, contract assets, finance lease receivables and sale-leaseback receivables, and loans and advances to customers, and testing the operating effectiveness of key controls.

Evaluating the reliability of management's estimates regarding the provision for impairment, by comparing the actual write-offs and losses of trade acceptance notes receivable, accounts receivable, contract assets and finance lease receivables and sale-leaseback receivables with the credit impairment provisions made in previous years.

We also performed the following key procedures on provisions made for ECLs of trade acceptance notes receivable, accounts receivable and contract assets:

- for ECLs of trade acceptance notes receivable, accounts receivable and contract assets with significantly different credit risk characteristics:
 - evaluating management's judgement on the significantly different credit risk characteristics of trade acceptance notes receivable, accounts receivable and contractual assets;
 - obtaining the expected cash flow distribution prepared by management based on operating model for contract counterparties under different situations, and examining the accuracy of the classification of these counterparties on a sample basis;

Key Audit Matter

How our audit addressed the Key Audit Matter

Expected credit losses on trade acceptance notes receivable, accounts receivable, contract assets, finance lease receivables and sale-leaseback receivables, and loans and advances to customers (cont'd)

Except for the trade acceptance notes receivable, accounts receivable and contract assets with significantly different credit risk characteristics or individual financial assets for which the ECLs cannot be estimated at a reasonable cost, Shanghai Electric Group classified accounts receivable into portfolios in accordance with credit risk characteristics and measured the ECLs based on portfolios. For the trade acceptance notes receivable, accounts receivable and contract assets in portfolios, Shanghai Electric Group prepared the model which refers to the days overdue and ECL rates during lifetime based on the historical experience of credit losses, combining with the current situation and forecast of economic situation in the future, in order to measure the ECLs.

As at 31 December 2025, the net carrying amounts of loans and advances to customers and finance lease receivables and sale-leaseback receivables of Shanghai Electric Group were RMB 11,472,999 thousand and RMB 1,515,856 thousand, respectively, after netting off provision for impairment of RMB 353,532 thousand and RMB 2,028,489 thousand, respectively.

- evaluating the rationality of management's assumptions of expected cash flow distribution based on operating model, and ECL rates and related probability weight under different scenarios according to historical credit loss experience of contract counterparties, statistics from third parties, open market disclosures, the latest developments in litigations provided by external lawyers and the asset preservation related to the litigation, etc.;
 - evaluating the appropriateness of the economic indicators, economic scenarios and weights selected by management, with the assistance of internal specialists, and checking the relevant economic indicators against external public data; and
 - recalculating the ECLs based on the ECL percentage adjusted considering forward-looking information.
- for provisions made by portfolios for ECLs by management:
 - evaluating the reasonableness of trade acceptance notes receivable, account receivable and contract asset portfolio division and the measurement method of the ECL model;
 - testing on a sample basis the accuracy of the historical credit loss data used in the model to assess the rate of historical default loss;
 - evaluating the appropriateness of the economic indicators, economic scenarios and weights selected by management, with the assistance of internal specialists, and checking the relevant economic indicators against external public data;
 - testing the accuracy of the ageing of trade acceptance notes receivable, accounts receivable and contract assets on a sample basis; and
 - recalculating the ECLs based on the ECL percentage adjusted considering forward-looking information.

Key Audit Matter

How our audit addressed the Key Audit Matter

Expected credit losses on trade acceptance notes receivable, accounts receivable, contract assets, finance lease receivables and sale-leaseback receivables, and loans and advances to customers (cont'd)

Shanghai Electric Group used a three-stage impairment model to calculate ECLs by assessing if the credit risk has significantly increased since initial recognition for finance lease receivables and sale-leaseback receivables, and loans and advances to customers. For the finance lease receivables and sale-leaseback receivables, and loans and advances to customers with occurrence of credit impairment, and other finance lease receivables and sale-leaseback receivables, and loans and advances to customers subject to separate assessment for impairment provision, ECLs were recognised individually. For the finance lease receivables and sale-leaseback receivables, and loans and advances to customers without occurrence of credit impairment or individual financial assets for which ECL cannot be estimated at a reasonable cost, Shanghai Electric Group classified finance lease receivables and sale-leaseback receivables, and loans and advances to customers into portfolios in accordance with credit risk characteristics and measured the ECLs based on portfolios.

For ECLs of finance lease receivables and sale-leaseback receivables, and loans and advances to customers, we also performed the following key procedures:

- evaluating the appropriateness of the measurement methods adopted in the ECL models, and evaluating the reasonableness of the portfolio division of assets, selection of the models, and the key parameters involved in the significant judgements and assumptions;
- based on the financial and non-financial information of borrowers and other external evidence and considerations, assessing on a sampling basis the reasonableness of the classification of the stages;
- inspecting the accuracy of key data used in the ECL model on a sampling basis, including the historical data and the measurement date data. For the finance lease receivables and sale-leaseback receivables, and loans and advances to customers classified in Stage 3, inspected and evaluated the reasonableness of the discounted cash flow models used by management for provision of ECLs and future cash flow forecasts on a sampling basis;
- evaluating the appropriateness of the economic indicators, economic scenarios and weights selected by management, with the assistance of internal specialists, and checking the relevant economic indicators against external public data;
- recalculating the ECLs based on the loss given default adjusted considering forward-looking information.

Key Audit Matter

How our audit addressed the Key Audit Matter

Expected credit losses on trade acceptance notes receivable, accounts receivable, contract assets, finance lease receivables and sale-leaseback receivables, and loans and advances to customers (cont'd)

The major management judgements and assumptions adopted in the measurement of ECL mainly include:

- (1) classifying businesses with similar credit risk characteristics into the same portfolio and selecting the appropriate measurement model;
- (2) establishing criteria for identifying significant increase of credit risk and occurrence of credit impairment;
- (3) determining appropriate economic indicators used in forward-looking parameters, expected cash flow distribution of counterparties in different situations, as well as ECL rates and probability weight under different scenarios; and
- (4) establishing future cash flow forecasts for separate assessments of the receivables with significantly different credit risk characteristics.

We considered the estimation of ECLs of trade acceptance notes receivable, accounts receivable, contract assets, finance lease receivables and sale-leaseback receivables, and loans and advances to customers as a key audit matter since the estimation is subject to high degree of uncertainty and subjectivity, as well as significant managerial judgements and assumptions.

Refer to Note 3 (9), Note 3 (34), Note 5 (5), Note 5 (6), Note 5 (12), Note 5 (15) and Note 5 (18(1)) to the financial statements.

Reviewing relevant disclosures of the ECLs related to trade acceptance notes receivable, accounts receivable, contract assets, finance lease receivables and sale-leaseback receivables, and loans and advances in the financial statement.

IV. OTHER INFORMATION

Management of Shanghai Electric Group Co., Ltd. is responsible for other information. The other information comprises all the information included in the annual report other than the financial statements and our auditor's report thereon.

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

In conjunction with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

V. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management of Shanghai Electric Group is responsible for the preparation and fair presentation of these financial statements in accordance with CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability to continue as a going concern of Shanghai Electric Group Co., Ltd., disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate Shanghai Electric Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of Shanghai Electric Group Co., Ltd.

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether these financial statements are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs 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 financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is enough 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on Shanghai Electric 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 these 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 Shanghai Electric Group to cease to continue as a going concern.
- Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain enough appropriate audit evidence regarding the financial information of the entities or business activities within Shanghai Electric Group Co., Ltd. to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

Ernst & Young Hua Ming LLP

Signing CPA

Meng Dong
(Engagement Partner)

Beijing, the People's Republic of China
30 March 2026

Signing CPA

Liu Qian

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

ASSETS	Note 5	31 December 2025	31 December 2024
Current assets			
Cash at bank and on hand	1	37,308,176	32,569,013
Clearing settlement funds		1,041	1,134
Placements with banks and other financial institutions	2	17,728,894	26,207,572
Financial assets held for trading	3	8,387,470	7,779,560
Derivative financial assets	4	14,734	520
Notes receivable	5	3,180,093	3,169,750
Accounts receivable	6	37,032,557	37,547,437
Receivables financing	7	2,102,130	1,091,996
Prepayments	8	11,501,808	11,236,621
Other receivables	9	3,526,815	5,047,036
Financial assets purchased under resale agreements	10	2,585,101	2,905,106
Inventories	11	47,296,351	34,549,775
Contract assets	12	22,347,381	21,275,139
Current portion of non-current assets	13	2,150,433	1,551,044
Other current assets	14	25,944,203	18,857,078
Total current assets		221,107,187	203,788,781
Non-current assets			
Loans and advances to customers	15	8,708,524	8,694,998
Debt investments	16	152,040	152,331
Other debt investments	17	1,260,962	368,431
Long-term receivables	18	1,755,225	2,332,623
Long-term equity investments	19	14,664,306	13,816,638
Other non-current financial assets	20	5,846,082	6,435,416
Investment properties	21	925,337	1,043,169
Fixed assets	22	23,336,971	20,896,633
Construction in progress	23	5,449,861	3,777,699
Right-of-use assets	24	2,306,519	1,890,038
Intangible assets	25	10,909,957	12,020,517
Development expenditures	26	86,683	29,882
Goodwill	27	3,070,023	2,920,760
Long-term prepaid expenses	28	512,387	473,404
Deferred tax assets	29	8,278,845	8,690,212
Other non-current assets	30	16,999,857	15,173,456
Total non-current assets		104,263,579	98,716,207
TOTAL ASSETS		325,370,766	302,504,988

CONSOLIDATED BALANCE SHEET (CONT'D)

AS AT 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY (Cont'd)	Note 5	31 December 2025	31 December 2024
Current liabilities			
Short-term borrowings	32	10,066,806	9,548,227
Financial liabilities held for trading	33	38,564	38,531
Derivative financial liabilities	4	2,386	25,507
Notes payable	34	16,702,781	15,124,080
Accounts payable	35	70,637,292	60,569,875
Advances from customers	36	985,368	833,268
Contract liabilities	37	69,000,076	57,928,502
Deposits from customers, banks and other financial institutions	38	6,167,406	7,333,529
Employee benefits payable	39	5,247,768	5,256,409
Taxes payable	40	2,605,825	2,473,766
Other payables	41	8,355,843	9,704,410
Current portion of non-current liabilities	42	7,032,995	10,188,235
Other current liabilities	43	12,434,453	11,467,275
Total current liabilities		209,277,563	190,491,614
Non-current liabilities			
Long-term borrowings	44	25,835,719	27,682,117
Bonds payable	45	2,997,452	-
Lease liabilities	46	1,793,077	1,463,726
Long-term payables	47	1,063,791	535,827
Long-term employee benefits payable	48	180,141	180,065
Provisions	43	2,447,630	2,832,979
Deferred income	49	1,141,957	1,210,875
Deferred tax liabilities	29	648,569	714,141
Other non-current liabilities	50	78,113	13,325
Total non-current liabilities		36,186,449	34,633,055
Total liabilities		245,464,012	225,124,669
Shareholders' equity			
Share capital	51	15,540,122	15,579,809
Capital surplus	52	18,998,926	18,727,393
Other comprehensive income	53	129,282	71,417
Special reserve	54	132,699	123,825
Surplus reserve	55	6,044,402	5,963,972
Retained earnings	56	13,849,289	12,723,500
Total equity attributable to shareholders of the parent company		54,694,720	53,189,916
Minority interests		25,212,034	24,190,403
Total shareholders' equity		79,906,754	77,380,319
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		325,370,766	302,504,988

The accompanying notes form an integral part of these financial statements.

Legal representative: Wu Lei

Principal in charge of accounting: Wei Xudong

Head of accounting department: Gui Jiangsheng

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

	Note 5	For the year ended 31 December 2025	For the year ended 31 December 2024
Total revenue		126,678,586	116,186,116
Including: Revenue	57	125,958,695	115,456,181
Interest income		717,022	726,357
Fee and commission income		2,869	3,578
Less: Total operating costs		123,455,089	112,369,793
Including: Operating cost	57	103,888,307	94,525,076
Interest costs		72,806	98,265
Fee and commission expenses		720	836
Taxes and surcharges	58	753,858	662,319
Selling and distribution expenses	59	3,299,277	2,900,659
General and administrative expenses	60	8,445,940	7,963,777
Research and development expenses	61	6,164,014	5,664,514
Financial expenses	62	830,167	554,347
Including: Interest expenses		1,289,002	1,561,315
Interest income		574,064	1,005,414
Add: Other income	63	1,433,263	1,414,214
Investment income	64	2,469,074	2,155,442
Including: Share of profit of associates and joint ventures	64	1,768,865	1,331,529
Gains arising from derecognition of financial assets measured at amortised cost		2,956	4,645
Exchange gains		3,014	9,238
Losses on changes in fair value	65	(267,601)	(463,561)
Losses on credit impairment	66	(1,030,674)	(1,065,240)
Asset impairment losses	67	(1,388,984)	(2,199,009)
Gains on disposal of assets	68	505,803	34,377
Operating profit		4,947,392	3,701,784
Add: Non-operating income	69	163,519	171,234
Less: Non-operating expenses	70	88,999	133,273
Total profit		5,021,912	3,739,745
Less: Income tax expenses	72	1,936,317	1,044,335
Net profit		3,085,595	2,695,410
Including: Net profit of entity being absorbed before a business combination involving entities under common control		-	299,884

CONSOLIDATED INCOME STATEMENT (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

	Note 5	For the year ended 31 December 2025	For the year ended 31 December 2024
Classified by continuity of operations			
Profit from continuing operations		3,085,595	2,695,410
Classified by ownership			
Attributable to shareholders of the parent company		1,206,219	752,480
Minority interests		1,879,376	1,942,930
Other comprehensive income, net of tax	53	61,414	43,964
Attributable to shareholders of the parent company		57,865	49,816
Other comprehensive income that will not be subsequently reclassified to profit or loss		3,189	(4,199)
Changes arising from remeasurement of net liability or net asset of defined benefit plan		3,189	(4,199)
Other comprehensive income that will be subsequently reclassified to profit or loss		54,676	54,015
Changes in fair value of other debt investments		(20,557)	60,909
Provision for credit impairment of other debt investments and receivables financing		32,714	333
Cash flow hedge reserve		1,296	(195)
Differences on translation of foreign currency financial statements		35,890	(9,624)
Others		5,333	2,592
Attributable to minority shareholders	53	3,549	(5,852)
Total comprehensive income		3,147,009	2,739,374
Including:			
Attributable to shareholders of the parent company		1,264,084	802,296
Attributable to minority shareholders		1,882,925	1,937,078
Earnings per share	73		
Basic earnings per share (RMB Yuan)		0.078	0.048
Diluted earnings per share (RMB Yuan)		0.078	0.048

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

FOR THE YEAR ENDED 31 DECEMBER 2025

	Attributable to shareholders of the parent company							Minority interests	Total shareholders' equity
	Share capital	Capital surplus	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total		
Balance at end of prior year	15,579,809	18,727,393	71,417	123,825	5,963,972	12,723,500	53,189,916	24,190,403	77,380,319
Changes for the year									
Total comprehensive income	-	-	57,865	-	-	1,206,219	1,264,084	1,882,925	3,147,009
Capital contribution and withdrawal by shareholders									
Injection of capital from minority shareholders of subsidiaries	-	-	-	-	-	-	-	42,780	42,780
Addition of subsidiaries	-	-	-	-	-	-	-	104,802	104,802
Disposal of subsidiaries	-	-	-	-	-	-	-	(143,295)	(143,295)
Repurchase of shares	(39,687)	(260,313)	-	-	-	-	(300,000)	-	(300,000)
Disposal of a partial interest in subsidiaries without losing control	-	627,729	-	-	-	-	627,729	798,242	1,425,971
Others	-	(95,883)	-	-	-	-	(95,883)	(262,097)	(357,980)
Profit distribution									
Appropriation of surplus reserve	-	-	-	-	24,611	(24,611)	-	-	-
Distribution to minority shareholders of subsidiaries	-	-	-	-	-	-	-	(1,405,473)	(1,405,473)
Provision for general risk of Finance Company	-	-	-	-	55,819	(55,819)	-	-	-
Special reserve									
Increase in the current year	-	-	-	120,203	-	-	120,203	22,715	142,918
Use in the current year	-	-	-	(111,329)	-	-	(111,329)	(18,968)	(130,297)
Balance at end of year	15,540,122	18,998,926	129,282	132,699	6,044,402	13,849,289	54,694,720	25,212,034	79,906,754

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to shareholders of the parent company							Minority interests	Total shareholders' equity
	Share capital	Capital surplus	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total		
Balance at end of prior year	15,579,809	19,476,900	21,601	134,056	5,906,524	11,678,998	52,797,888	24,128,752	76,926,640
Business combination involving entities under common control	-	2,356,781	-	-	500	570,558	2,927,839	-	2,927,839
Balance at beginning of year	15,579,809	21,833,681	21,601	134,056	5,907,024	12,249,556	55,725,727	24,128,752	79,854,479
Changes for the year									
Changes for the year	-	-	49,816	-	-	752,480	802,296	1,937,078	2,739,374
Capital contribution and withdrawal by shareholders									
Injection of capital from minority shareholders of subsidiaries	-	-	-	-	-	-	-	16,668	16,668
Addition of subsidiaries	-	-	-	-	-	-	-	159,700	159,700
Disposal of subsidiaries	-	-	-	-	-	-	-	(43,669)	(43,669)
Business combination involving entities under common control	-	(3,082,421)	-	-	-	-	(3,082,421)	-	(3,082,421)
Others	-	(23,867)	-	-	-	-	(23,867)	(80,596)	(104,463)
Profit distribution									
Business combination involving entities under common control	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
Distribution to minority shareholders of subsidiaries	-	-	-	-	-	-	-	(1,883,932)	(1,883,932)
Appropriation to staff and workers' bonus and welfare fund	-	-	-	-	-	(21,588)	(21,588)	(51,030)	(72,618)
Provision for general risk of Finance Company	-	-	-	-	56,948	(56,948)	-	-	-
Special reserve									
Increase in the current year	-	-	-	97,997	-	-	97,997	54,943	152,940
Use in the current year	-	-	-	(108,228)	-	-	(108,228)	(47,511)	(155,739)
Balance at end of year	15,579,809	18,727,393	71,417	123,825	5,963,972	12,723,500	53,189,916	24,190,403	77,380,319

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

	Note 5	For the year ended 31 December 2025	For the year ended 31 December 2024
Cash flows from operating activities			
Cash received from sales of goods or rendering of services		141,866,864	140,817,832
Refund of taxes and surcharges		808,576	645,670
Cash received relating to other operating activities	74	4,279,171	4,841,816
Sub-total of cash inflows		<u>146,954,611</u>	<u>146,305,318</u>
Cash paid for goods and services		106,178,598	97,323,396
Cash paid to and on behalf of employees		13,789,671	13,320,572
Payments of taxes and surcharges		5,837,369	4,895,724
Cash paid relating to other operating activities	74	10,633,085	13,127,085
Sub-total of cash outflows		<u>136,438,723</u>	<u>128,666,777</u>
Net cash flows from operating activities	75	<u>10,515,888</u>	<u>17,638,541</u>
Cash flows from investing activities			
Cash received from disposal of investments	74	22,820,689	20,560,429
Cash received from returns on investments		1,582,359	1,747,314
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		536,114	404,281
Net cash received from disposal of subsidiaries and other business units	75	529,361	191,524
Cash received relating to other investing activities	74	-	204,849
Sub-total of cash inflows		<u>25,468,523</u>	<u>23,108,397</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		5,011,997	4,403,249
Cash paid to acquire investments	74	30,252,884	21,367,296
Net cash paid to acquire subsidiaries and other business units	75	1,424,207	1,659,824
Cash paid relating to other investing activities	74	2,782,014	12,103,113
Sub-total of cash outflows		<u>39,471,102</u>	<u>39,533,482</u>
Net cash flows from investing activities		<u>(14,002,579)</u>	<u>(16,425,085)</u>

CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

	Note 5	For the year ended 31 December 2025	For the year ended 31 December 2024
Cash flows from financing activities			
Cash received from capital contributions		114,630	176,368
Including: Cash received by subsidiaries from capital contributions by minority shareholders		114,630	176,368
Cash received from borrowings		25,913,567	22,941,056
Cash received from bonds		4,197,078	1,500,000
Cash received relating to other financing activities	74	1,585,071	101,600
Sub-total of cash inflows		31,810,346	24,719,024
Cash repayments of borrowings		28,793,682	22,053,243
Cash repayments of bonds		1,973,850	1,500,000
Cash payments for distribution of dividends, profits or interest expenses		2,954,872	3,601,141
Including: Cash payments for dividends or profits to minority shareholders by subsidiaries		1,510,504	1,834,773
Cash paid for acquisition of minority interests		273,685	104,463
Cash paid relating to other financing activities	74	1,120,010	891,322
Sub-total of cash outflows		35,116,099	28,150,169
Net cash flows from financing activities		(3,305,753)	(3,431,145)
Effect of foreign exchange rate changes on cash and cash equivalents		(48,853)	33,011
Net decrease in cash and cash equivalents		(6,841,297)	(2,184,678)
Add: Cash and cash equivalents at the beginning of the year	75	36,176,519	38,361,197
Cash and cash equivalents at the end of the year	75	29,335,222	36,176,519

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

ASSETS	Note 15	31 December 2025	31 December 2024
Current assets			
Cash at bank and on hand		22,712,065	19,293,856
Financial assets held for trading		1,733,000	-
Notes receivable	1	196,339	356,532
Accounts receivable	2	4,755,600	5,238,611
Prepayments		16,251,013	11,640,583
Other receivables	3	3,013,375	3,867,843
Inventories		217,792	114,613
Contract assets		2,089,705	2,608,390
Current portion of non-current assets		60,000	-
Other current assets		890,008	1,050,526
Total current assets		51,918,897	44,170,954
Non-current assets			
Long-term receivables		4,279,372	3,548,759
Long-term equity investments	4	56,739,749	63,187,544
Other non-current financial assets		517,364	1,757,303
Investment properties		92,103	100,142
Fixed assets		1,220,223	1,273,172
Construction in progress		57,723	67,412
Right-of-use assets		33,321	65,341
Intangible assets		1,823,990	2,056,200
Long-term prepaid expenses		41,987	40,095
Deferred tax assets		1,355,259	1,908,491
Other non-current assets		5,209,831	6,176,363
Total non-current assets		71,370,922	80,180,822
TOTAL ASSETS		123,289,819	124,351,776

COMPANY BALANCE SHEET (CONT'D)

AS AT 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note 15	31 December 2025	31 December 2024
Current liabilities			
Short-term borrowings		5,324,600	4,613,000
Notes payable		1,218,922	1,641,042
Accounts payable		19,698,086	20,860,642
Advances from customers		519,900	-
Contract liabilities		18,450,346	12,961,216
Employee benefits payable		1,181,834	1,217,975
Taxes payable		181,073	191,973
Other payables		2,274,348	2,492,075
Current portion of non-current liabilities		5,182,252	13,056,565
Other current liabilities		866,774	766,477
Total current liabilities		54,898,135	57,800,965
Non-current liabilities			
Long-term borrowings		27,153,040	27,136,928
Bonds payable		1,998,036	-
Lease liabilities		18,392	31,876
Long-term payables		383,450	463,456
Other non-current liabilities		111,666	176,182
Total non-current liabilities		29,664,584	27,808,442
Total liabilities		84,562,719	85,609,407
Shareholders' equity			
Share capital		15,540,122	15,579,809
Capital surplus	5	20,332,523	20,592,836
Other comprehensive income	6	(31,479)	(30,627)
Surplus reserve	7	2,664,436	2,639,825
Retained earnings	8	221,498	(39,474)
Total shareholders' equity		38,727,100	38,742,369
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		123,289,819	124,351,776

COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

	Note 15	For the year ended 31 December 2025	For the year ended 31 December 2024
Revenue	9	13,868,525	15,072,021
Less: Cost of sales	9	13,756,637	14,501,085
Taxes and surcharges		43,919	40,736
Selling expenses		256,608	238,051
General and administrative expenses		1,052,982	1,053,207
Research and development expenses		285,474	315,184
Finance expenses		706,005	476,507
Including: Interest expenses		986,285	1,104,201
Interest income		321,720	602,134
Add: Other income		20,613	36,588
Investment income	10	2,774,288	2,660,902
Including: Share of profit of associates and joint ventures		(169,827)	341,004
Losses from changes in fair value		(215,001)	(216,235)
Credit impairment losses		240,811	66,150
Impairment losses of assets		(34,046)	(82,249)
Gain/(Loss) arising from disposal of assets		268,185	(3,235)
Operating profit		821,750	909,172
Add: Non-operating income		17,344	39,787
Less: Non-operating expenses		655	966
Profit before income tax		838,439	947,993
Less: Income tax expenses		552,856	44,925
Net profit		285,583	903,068
Other comprehensive income that will be subsequently reclassified to profit or loss		(852)	-
Differences on translation of foreign currency financial statements		(852)	-
Total comprehensive income		284,731	903,068

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

FOR THE YEAR ENDED 31 DECEMBER 2025

Item	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Accumulated losses	Total shareholders' equity
1. Balance at end of prior year and beginning of year	15,579,809	20,592,836	(30,627)	2,639,825	(942,542)	37,839,301
2. Movements for the year ended 31 December 2025						
(1) Total comprehensive income	-	-	(852)	-	285,583	284,731
(2) Capital contribution and withdrawal by shareholders						
Repurchase of shares	(39,687)	(260,313)	-	-	-	(300,000)
(3) Profit distribution						
Appropriation of surplus reserve	-	-	-	24,611	(24,611)	-
3. Balance at 31 December 2025	15,540,122	20,332,523	(31,479)	2,664,436	221,498	38,727,100

FOR THE YEAR ENDED 31 DECEMBER 2024

Item	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Accumulated losses	Total shareholders' equity
1. Balance at end of prior year and beginning of year	15,579,809	20,592,836	(30,627)	2,639,825	(942,542)	37,839,301
2. Movements for the year ended 31 December 2024						
(1) Total comprehensive income	-	-	-	-	903,068	903,068
3. Balance at 31 December 2024	15,579,809	20,592,836	(30,627)	2,639,825	(39,474)	38,742,369

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

	Note 15	For the year ended 31 December 2025	For the year ended 31 December 2024
Cash flows from operating activities			
Cash received from sales of goods or rendering of services		24,587,920	26,493,936
Refund of taxes and surcharges		418	3,125
Cash received relating to other operating activities		330,780	652,812
		<u>24,919,118</u>	<u>27,149,873</u>
Sub-total of cash inflows			
Cash paid for goods and services		21,541,704	21,800,622
Cash paid to and on behalf of employees		733,408	714,161
Payments of taxes and surcharges		264,408	46,409
Cash paid relating to other operating activities		704,865	720,875
		<u>23,244,385</u>	<u>23,282,067</u>
Sub-total of cash outflows			
Net cash flows from operating activities		<u>1,674,733</u>	<u>3,867,806</u>
Cash flows from investing activities			
Cash received from disposal of investments		2,078,406	43,479
Cash received from returns on investments		1,618,548	2,745,897
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		395,067	290
Cash received relating to other investing activities		1,810,409	1,400,630
		<u>5,902,430</u>	<u>4,190,296</u>
Sub-total of cash inflows			
Cash paid to acquire fixed assets, intangible assets and other long-term assets		139,804	81,851
Cash paid to acquire investments		2,284,556	5,412,992
Cash paid relating to other investing activities		2,535,897	434,512
		<u>4,960,257</u>	<u>5,929,355</u>
Sub-total of cash outflows			
Net cash flows from investing activities		<u>942,173</u>	<u>(1,739,059)</u>

COMPANY CASH FLOW STATEMENT (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

	Note 15	For the year ended 31 December 2025	For the year ended 31 December 2024
Cash flows from financing activities			
Cash received from borrowings		22,113,000	20,093,240
Cash received from issuance of bonds		1,998,000	-
Cash received from other financing activities		159,100	340,600
Sub-total of cash inflows		24,270,100	20,433,840
Cash repayments of borrowings		22,123,900	22,634,862
Cash payments for distribution of dividends, profits or interest expenses		1,043,091	1,100,765
Cash paid relating to other financing activities		336,708	233,630
Sub-total of cash outflows		23,503,699	23,969,257
Net cash flows from financing activities		766,401	(3,535,417)
Effect of foreign exchange rate changes on cash and cash equivalents		(45,641)	16,693
Net increase in cash and cash equivalents		3,337,666	(1,389,977)
Add: Cash and cash equivalents at the beginning of the year		13,120,864	14,510,841
Cash and cash equivalents at the end of the year		16,458,530	13,120,864

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

1 GENERAL INFORMATION

Shanghai Electric Group Co., Ltd. (“the Company”) is a limited company registered in Shanghai of the People's Republic of China. It was established on 1 March 2004 upon the approval of the State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government. The RMB ordinary shares (A-shares) and overseas listed foreign shares (H-shares) issued by the Company are listed on the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited, respectively. The headquarters of the Company is registered at No. 16, Lane 1100, Huashan Road, Changning District, Shanghai. The registered number of the Company's business license is: 91310000759565082B.

The Company and its subsidiaries (collectively “the Group”) operate in manufacturing industry and the actual principal activities include:

- Energy equipment business segment: design, manufacture and sales of nuclear power equipment, energy storage equipment, coal-fired power generation and auxiliary equipment, gas power generation equipment, wind power equipment, hydrogen energy equipment, photovoltaic equipment, high-end chemical equipment; Provision of power grid and industrial intelligent power supply system solutions;
- Industrial equipment business segment: design, manufacture and sales of elevators, large and medium sized electrical motors, intelligent manufacturing equipment, industrial base parts, construction and industrialisation equipment; and
- Integrated service business segment: provision of energy, environmental protection and automation engineering and services, including all kinds of traditional and new energy, comprehensive utilisation of solid waste, sewage treatment, flue gas treatment, rail transit, etc; provision of industrial Internet services; provision of financial services, including corporate financing, financial leasing, commercial factoring, asset management, insurance brokerage, etc; provision of park and property management services based on industrial real estate, etc.

The parent and ultimate holding company of the Group is Shanghai Electric Holdings Group Co., Ltd. (“Electric Holdings”).

These financial statements were authorised for issue by the Company's Board of Directors on 30 March 2026.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(1) Basis of preparation

The financial statements are prepared in accordance with the Accounting Standard for Business Enterprises - Basic Standard, and the specific accounting standards, interpretations and other relevant regulations issued by the Ministry of Finance in subsequent periods (hereafter collectively referred to as “the Accounting Standards for Business Enterprises” or “ASBEs”). In addition, these financial statements also disclose relevant financial information in accordance with the Rules No. 15 for the Preparation of Information Disclosure by Companies Offering Securities to the Public - General Provisions on Financial Reports.

Certain related matters in the financial statements have been disclosed in accordance with the requirements of the Hong Kong Companies Ordinance.

(2) Going concern

The financial statements have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group determines the specific accounting policies and accounting estimates based on the characteristics of production and operation, which are mainly reflected in the measurement of ECLs of notes receivable, accounts receivable, contract assets, finance lease receivables, and loans and advances to customers (Note 3 (9)), valuation method of inventories (Note 3 (10)), depreciation of fixed assets, amortisation of intangible assets, and depreciation of right-of-use assets (Note 3 (14), Note 3 (17), Note 3 (27)), judgement criteria for capitalisation of expenditure on the development phase (Note 3 (17)), measurement model of investment properties (Note 3 (13)), assessment of goodwill impairment (Note 3 (19)), onerous contracts (Note 3 (22)) and recognition of revenue (Note 3 (23)), etc.

(1) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements present truly and completely the financial positions of the Group and the Company as at 31 December 2025, and the financial performance and the cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

(2) Accounting year

The Group's accounting year starts on 1 January and ends on 31 December.

(3) Recording currency

The Company's functional and presentation currency is Renminbi ("RMB"). The currency unit is RMB Thousand Yuan unless otherwise stated.

Subsidiaries, joint ventures, associates and branches overseas of the Group determine their recording currencies according to the major economic environment in which they operate. The financial statements are presented in RMB.

(4) Methods of determining materiality criteria and selection basis

Item	Materiality criteria
Significant accounts receivable and contract asset for which provision for bad debts is made individually	Individually accounts for over 2.0% of the total original value of accounts receivable and contract asset or RMB500 million of the total original value
Write-off of significant accounts receivable and contract asset for which provision for bad debts is made individually	Write-off of accounts receivable and contract assets with bad debt provision on the individual basis exceeding RMB 100 million
Significant other receivables for which provision for bad debts is made individually	Individually accounts for over 10% of the total original value of other receivables
Significant construction in progress	An individual construction project accounts for more than 10% of the closing original value of construction in progress and RMB500 million of the closing balance
Goodwill with significant amount	The original value of individual goodwill is more than RMB600 million
Significant non-wholly owned subsidiaries	The investee is a listed company and the absolute value of the non-controlling interests at the end of the period accounts for more than 3.0% of the absolute value of the Group's consolidated shareholders' equity at the end of the period
Significant joint ventures or associates	The carrying amount of long-term equity investments at the end of the period accounts for more than 1% of the Group's consolidated net assets at the end of the period

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(5) Business combinations

Business combinations are classified into business combinations involving entities under common control and business combinations not involving entities under common control.

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. The assets and liabilities (including goodwill arising from the ultimate controlling party's acquisition of the entity being absorbed) that are obtained by the absorbing entity in a business combination involving entities under common control shall be measured on the basis of their carrying amounts in the financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) shall be adjusted to capital premium under capital reserves. If the capital premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

A business combination not involving entities under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the acquisition date. Goodwill is initially recognised and measured at cost, being the excess of the cost of the combination over the Group's interest in the fair value of the acquiree's net identifiable assets. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Where the cost of the combination is lower than the Group's interest in the fair value of the acquiree's net identifiable assets, the Group reassesses the measurement of the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the combination. If after that reassessment, the cost of the combination is still lower than the Group's interest in the fair value of the acquiree's net identifiable assets, the Group recognises the remaining difference in profit or loss.

(6) Consolidated financial statements

The scope of the consolidated financial statements, which include the financial statements of the Company and all of its subsidiaries, is determined on the basis of control. A subsidiary is an entity that is controlled by the Company (such as an enterprise, a deemed separate entity, or a structured entity controlled by the Company). An investor controls an investee if and only if the investor has all the following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns.

If the accounting policies or the accounting period of a subsidiary are different from those of the Company, necessary adjustments are made to the subsidiary's financial statements based on the Company's own accounting policies or accounting period in preparing the consolidated financial statements. 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.

Where the loss for the current period attributable to non-controlling interests of a subsidiary exceeds the non-controlling interests of the opening balance of equity of the subsidiary, the excess shall still be allocated against the non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(6) Consolidated financial statements(Cont'd)

For subsidiaries acquired through business combinations not involving entities under common control, the financial performance and cash flows of the acquiree shall be consolidated from the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. While preparing the consolidated financial statements, the Group shall adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognised on the acquisition date.

For subsidiaries acquired through business combinations under common control, the financial performance and cash flows of the acquiree shall be consolidated from the beginning of the period in which the combination occurs retrospective adjustments are made to the relevant items in prior period financial statements, as if the combined reporting entity had existed since the date when the ultimate controlling party initially obtained control.

The Group reassesses whether or not it controls an investee if any change in facts and circumstances indicates that there are changes to one or more of the three elements of control.

A change in the non-controlling interests, without a loss of control, is accounted for as an equity transaction.

(7) Cash and cash equivalents

Cash comprises the Group's cash on hand and bank deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash, and are subject to an insignificant risk of changes in value.

(8) Foreign currency transactions and foreign currency translation

The Group translates foreign currency transactions into its functional currency.

Foreign currency transactions are initially recorded, on initial recognition in the functional currency using the spot exchange rates prevailing at the dates of transactions, however, capital contributions in foreign currency by investors are recorded using the spot exchange rates prevailing at the dates of transactions. Monetary items denominated in foreign currencies are translated at the spot exchange rates ruling at the balance sheet date. Differences arising on settlement or translation of monetary items are recognised in profit or loss, with the exception of those relating to foreign currency borrowings specifically for the construction and acquisition of qualifying assets, which are capitalised in accordance with the guidance for capitalisation of borrowing costs. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate on initial recognition, and the amount denominated in the functional currency is not changed. 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 resulting exchange differences are recognised in profit or loss or other comprehensive income depending on the nature of the non-monetary items.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(8) Foreign currency transactions and foreign currency translation(Cont'd)

For foreign operations, the Group translates their functional currency amounts into RMB when preparing the financial statements as follows: the asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the shareholders' equity items, the items other than “retained earnings” are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statements are translated at the spot exchange rates of the transaction dates. The resulting exchange differences are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss. If the disposal only involves a portion of a particular foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss on a pro-rata basis.

Foreign currency cash flows and the cash flows of foreign subsidiaries are translated using the spot exchange rates prevailing on the dates of cash flows. The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

(9) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Recognition and derecognition

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

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 the financial asset recognised previously from the Group's balance sheet) when:

- I. the rights to receive cash flows from the financial asset have expired; or
- II. the Group has transferred its rights to receive cash flows from the financial 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 (i) has transferred substantially all the risks and rewards of the financial asset, or (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the financial asset.

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

Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting. Regular way purchases or sales are purchases or sales of financial assets under contracts whose terms require delivery within the time frame generally established by regulation or convention in the marketplace concerned. The trade date is the date that the Group committed to purchase or sell a financial asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(9) Financial instruments (Cont'd)

(b) Classification and measurement of financial assets

Based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, the Group's financial assets are classified on initial recognition as: financial assets at amortised cost; financial assets at fair value through other comprehensive income; and financial assets at fair value through profit or loss.

The financial assets are measured at fair value upon initial recognition, except for accounts receivable or notes receivable arising from the sale of goods or rendering of services that do not contain significant financing components or for which the financing components are due within one year and therefore not considered, are initially measured at the transaction price.

For financial assets at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss, and transaction costs relating to other financial assets are included in the initial recognition amounts.

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

Debt investments at amortised cost:

The Group measures financial assets at amortised cost if both of the following conditions are met: The Group's business model for financial asset management aims to receive contractual cash flows, and according to the contractual terms of the financial asset, the cash flow generated at certain dates is only the payment for the principal and corresponding interest based on unpaid principal. The interest income of such financial assets is recognised using the effective interest method. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(9) Financial instruments (Cont'd)

(b) Classification and measurement of financial assets (Cont'd)

The subsequent measurement of financial assets depends on their classification as follows: (Cont'd)

Debt investments at fair value through other comprehensive income:

The Group measures debt investments at fair value through other comprehensive income if both of the following conditions are met: the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income is recognised using the effective interest method. The interest income, impairment losses and foreign exchange revaluation are recognised in profit or loss. 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.

Equity investments at fair value through other comprehensive income

The Group can elect to classify irrevocably its equity investments which are not held for trading as equity investments designated at fair value through other comprehensive income. Only the relevant dividend income (excluding the dividend income explicitly recovered as part of the investment cost) is recognised in profit or loss. Subsequent changes in the fair value are included in other comprehensive income, and no provision for impairment is made. When the financial asset is derecognised, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income to retained earnings.

Financial assets at fair value through profit or loss

The financial assets other than the above financial assets measured at amortised cost and financial assets at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Such financial assets are subsequently measured at fair value with net changes in fair value recognised in profit or loss except for the derivatives designated as hedging instruments in an effective hedge.

Financial assets are designated at fair value through profit or loss at initial measurement only when accounting mismatches can be eliminated or significantly reduced.

Financial assets designated at fair value through profit or loss at initial recognition cannot be reclassified to other financial assets; other financial assets cannot be redesignated at fair value through profit or loss after initial recognition. Financial assets that are due over one year as from the balance sheet date and are expected to be held over one year are included in other non-current financial assets. Others are included in financial assets held for trading.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(9) Financial instruments (Cont'd)

(c) Classification and measurement of financial liabilities

Except for financial guarantee contracts and financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, the Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss, or financial liabilities measured at amortised cost. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss, and transaction costs relating to financial liabilities measured at amortised cost are included in the initial recognition amounts.

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivative instruments attributable to financial liabilities) and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities held for trading (including derivative instruments attributable to financial liabilities) are subsequently measured at fair value. All changes in fair value of such financial liabilities are recognised in profit or loss except for the derivatives designated as hedging instruments in an effective hedge. Financial liabilities designated at fair value through profit or loss are subsequently measured at fair value and gains or losses are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income. If gains or losses arising from the Group's own credit risk which are presented in other comprehensive income will lead to or expand accounting mismatch in profit or loss, the Group will include all the changes in fair value (including the amount affected by changes in the Group's own credit risk) of such financial liabilities in profit or loss.

Financial liabilities are designated at fair value through profit or loss at initial measurement only if one of the following conditions is met:

- (I) . I.Accounting mismatches can be eliminated or significantly reduced;
- (II) . II.The formal written risk management or investment strategy documentation have stated that the portfolio of financial instruments is managed, evaluated and reported to key management personnel on a fair value basis;
- (III) . Hybrid instruments contain one or more embedded derivatives, unless the embedded derivatives do not significantly change the cash flows of the instrument, or the embedded derivatives cannot be clearly separated from the instrument;
- (IV) . Hybrid instruments contain the embedded derivatives that need to be separated but cannot be measured separately on acquisition or at the balance sheet date.

Financial liabilities designated at fair value through profit or loss at initial recognition cannot be reclassified to other financial liabilities; other financial liabilities cannot be redesignated at fair value through profit or loss after initial recognition.

Financial liabilities measured at amortised cost

After initial recognition, such financial liabilities are measured at amortised cost using the effective interest method.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(9) Financial instruments (Cont'd)

(d) Impairment of financial instruments

Loss provision for financial assets at amortised cost, investments in debt instruments at fair value through other comprehensive income, as well as contract assets, finance lease receivables and sale-leaseback receivables, loans and advances to customers, financial guarantee contracts and loan commitments is recognised on the basis of ECL.

Giving consideration to reasonable and supportable information on past events, current conditions and forecasts of future economic conditions that is available without undue cost or effort at the balance sheet date, as well as the default risk weight, the Group recognises the ECL as the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to collect.

For notes receivable, accounts receivable, receivables financing and contract assets caused by sales of goods, rendering of services and other daily operating activities, no matter whether there exists a significant financing component, the Group measures the loss provision based on the lifetime ECL.

As at each balance sheet date, the ECL of financial instruments at different stages other than aforesaid notes receivable, accounts receivable, receivables financing and contract assets is measured respectively. 12-month ECL provision is recognised for financial instruments in Stage 1 that have not had a significant increase in credit risk since initial recognition; lifetime ECL provision is recognised for financial instruments in Stage 2 that have had a significant increase in credit risk yet without credit impairment since initial recognition; and lifetime ECL provision is recognised for financial instruments in Stage 3 that have had credit impairment since initial recognition.

For the financial instruments with lower credit risk at the balance sheet date, the Group assumes there is no significant increase in credit risk since initial recognition, determines them as the financial instruments in Stage 1 and recognises the 12-month ECL provision.

For the financial instruments in Stage 1 and Stage 2, the interest income is calculated based on book balance without deduction of impairment provision and the effective interest rate. For the financial instrument in Stage 3, the interest income is calculated based on amortised cost by using book balance less impairment provision appropriated and the effective interest rate.

For trade acceptance notes receivable, accounts receivable and contract assets with significantly different credit risk characteristics and occurrence of credit impairment, the Group evaluated the distribution of expected cash flows under multiple scenarios based on historical credit loss experience, operating model, current situations and forecasts of future conditions of contract counterparties under different situations, taking into account the professional legal advice from external lawyers and the asset preservation related to the litigation, and made corresponding provision for ECL according to ECL rate and the related probability weight under different scenarios.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(9) Financial instruments (Cont'd)

(d) Impairment of financial instruments (Cont'd)

The credit risk characteristics of financial assets for which ECL is calculated on an individual basis vary significantly from such other financial assets. For receivables that do not have significantly different credit risk characteristics or when the ECL cannot be estimated for an individual financial asset at a reasonable cost, the Group groups the receivables based on its judgement whether there are significant differences in customers' credit risk characteristics and measures the ECL based on groups. Basis for determining groupings is as follows:

Notes receivable

Grouping 1	Bank acceptance notes
Grouping 2	Trade acceptance notes

Accounts receivable

Grouping 1	Accounts receivable ageing by industry, using the overdue date as the starting point of ageing
Grouping 2	Sovereign credit accounts receivable, using the overdue date as the starting point of ageing

Receivables financing

Grouping 1	Bank acceptance notes
Grouping 2	Accounts receivable ageing by sector

Contract assets

Grouping	Contract assets
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Other receivables

Grouping 1	Deposits
Grouping 2	Employee reserve fund

Loans and discounts

Grouping 1	Loans and advances to customers
Grouping 2	Discount of notes

Long-term receivables

Grouping	Finance lease receivables and sale-leaseback receivables
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Debt investment

Grouping	Debt instruments
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Other debt investments

Grouping	Other debt investments
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Financial assets purchased under resale agreements

Grouping	Financial assets purchased under resale agreements
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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(9) Financial instruments (Cont'd)

(d) Impairment of financial instruments (Cont'd)

For bank acceptance notes receivable and receivables financing arising from sales of goods and rendering of services in the ordinary course of operating activities which are classified into groups, the Group calculates the ECL by referring to historical experience of credit losses, combining with the current situation and forecast of economic situation in the future, and based on exposure at default and the lifetime ECL rate.

For trade acceptance notes receivable, accounts receivable and contract assets in groups, the Group makes reference to the historical experience of credit losses, combining with the current situation and forecast of economic situation in the future, and prepares the model which refers to the days overdue and the rate of the ECL during lifetime in order to measure the ECL.

For other receivables, loans and discounts, long-term receivables, other debt investments and financial assets purchased under resale agreements in groups, the Group calculates the ECL by referring to historical experience of credit losses, combining with the current situation and forecast of economic situation in the future, and based on exposure at default and the 12-month or lifetime ECL rate.

The Group recognises the loss provision made or reversed into profit or loss for the current period. For debt instruments held at fair value through other comprehensive income, the Group adjusts other comprehensive income while the impairment loss or gain is recognised in profit or loss for the current period.

Provision for impairment written off

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(9) Financial instruments (Cont'd)

(e) Offsetting of financial instruments

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

(f) Financial guarantee contracts

Financial guarantee contracts are those contracts that require a payment to be made by the issuer to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are measured, on initial recognition, at fair value. They are, after initial recognition, subsequently measured at the higher of: the amount of provisions for ECLs at the balance sheet date, and the amount initially recognised less the cumulative amortisation recognised in accordance with the guidance for revenue recognition.

(g) Transfer of financial assets

A financial asset is derecognised when the Group has transferred substantially all the risks and rewards of the asset to the transferee. A financial asset is not derecognised when the Group retains substantially all the risks and rewards of the financial asset.

When the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset, it either derecognises the financial asset and recognises the assets and liabilities created in the transfer when it has not retained control of the asset; or continues to recognise the transferred asset to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(10) Inventories

Inventories include raw materials, work in progress, goods in stock, materials in transit, self-produced semi-finished goods, repair accessories, low-value consumables and others.

Inventories are initially carried at cost. Cost of inventories comprises raw materials, direct labour and systematically allocated production overhead based on the normal production capacity. Cost is determined on the weighted average or specific identification basis. Repair accessories and low-value consumables are expensed when issued.

The Group adopts the perpetual inventory system.

At the balance sheet date, inventories are stated at the lower of cost and net realisable value. The inventories are written down below cost to net realisable value and the write-down is recognised in profit or loss if the cost is higher than the net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs of completion or the estimated costs to fulfil a contract and the estimated costs necessary to make the sale and related taxes. For inventories that are produced and sold in the same region and with the same or similar end uses, the Group makes the provision for decline in the value of inventories on an aggregate basis.

(11) Purchased under resale agreements transactions

Assets held under resale agreements with a certain resale date shall not be recognised in the balance sheet. For financial assets measured at amortised cost, the cost of acquisition is recognised in financial assets purchased under resale agreements on the balance sheet if the maturity is within one year (inclusive) at acquisition. The difference between the sale and repurchase prices is treated as an interest expense and is accrued over the life of the agreement using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(12) Long-term equity investments

Long-term equity investments comprise equity investments in subsidiaries, joint ventures and associates.

A long-term equity investment is initially measured at its initial investment cost on acquisition. For long-term equity investments acquired through a business combination involving entities under common control, the initial investment cost shall be the absorbing entity's share of the carrying amount of the owner's equity of the entity being absorbed in the consolidated financial statements of the ultimate controlling party on the combination date; the difference between the initial investment cost and the carrying amount of the consideration paid for the combination shall be adjusted to capital reserves (If the amount of capital reserves is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings). For long-term equity investments acquired through a business combination involving entities under common control, the initial investment cost shall be the combination cost (if a business combination not involving entities under common control is achieved step by step through multiple transactions, the initial investment cost shall be the sum of the carrying amount of the equity investments in the acquiree before the acquisition date and the newly increased investment cost on the acquisition date). For long-term equity investments acquired not through a business combination, the initial investment cost shall be determined as follows: for long-term equity investments acquired by payment in cash, the initial investment cost shall be the purchase price actually paid and the expenses, taxes and other necessary expenditures directly related to the acquisition of the long-term equity investments.

For a long-term equity investment where the Company can exercise control over the investee, the long-term investment is accounted for using the cost method in the Company's individual financial statements. 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.

Long-term equity investments accounted for using the cost method are measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of long-term equity investment is adjusted accordingly. Cash dividend or profit distribution declared by the investees is recognised as investment income in profit or loss for the current period.

The equity method is adopted when the Group has joint control, or exercises significant influence over the investee. 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. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control with other parties over those policies.

Under the equity method, where the initial investment of a long-term equity investment cost exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the investment is initially measured at cost and no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is included in profit or loss for the current period and the cost of the long-term equity investment is adjusted upwards accordingly.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(12) Long-term equity investments (Cont'd)

Under the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee, as well as its share of the investee's other comprehensive income, as investment income or loss and other comprehensive income, and adjusts the carrying amount of the investment accordingly. The Group recognises its share of the investee's profit or loss after making appropriate adjustments to the investee's profit or loss based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods. Unrealised profits and losses from transactions with its joint ventures and associates are eliminated to the extent of the Group's investments in the associates or joint ventures (except for assets that constitute a business). However, any loss arising from such transactions which are attributable to an impairment loss shall be recognised at its entirety. The carrying amount of the investment is reduced based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group does not recognise further losses when the carrying amounts of the long-term equity investment together with any long-term interests that, in substance, form part of the Group's net investment in investees are reduced to zero. However, the Group has obligations for additional losses. The Group's share of changes in the investee's owners' equity other than those arising from the net profit or loss, other comprehensive income and profit distribution is recognised in capital surplus with a corresponding adjustment to the carrying amount of the long-term equity investment.

(13) Investment properties

Investment properties, are properties held to earn rentals or for capital appreciation or both, including land use rights that have already been leased out, buildings that are held for the purpose of leasing and buildings that are being constructed or developed for future use for leasing.

Investment properties are measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the economic benefits relating to the investment property will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss for the period in which they are incurred.

The Group adopts the cost model for subsequent measurement of investment properties which will be appreciated or amortised using the straight-line method over the useful life.

When an investment property is transferred to owner-occupied properties, it is reclassified as fixed asset or intangible asset at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is reclassified as investment properties at the date of the transfer. When reclassified, the carrying amount before the reclassification shall be recorded as the cost after the reclassification.

The investment property's estimated useful life, estimated net residual value and depreciation (amortisation) method applied are reviewed and adjusted as appropriate at each year-end.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(14) Fixed assets

Fixed assets are recognised when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. Subsequent expenditures incurred for a fixed asset that meets the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognised. Otherwise, such expenditures are recognised in profit or loss or the cost of related assets as incurred according to the beneficiaries. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition.

Fixed assets are initially measured at cost. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use.

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated net residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives. The estimated useful lives, the estimated net residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation rates
Buildings	10 to 50 years	0 to 10%	1.8% to 10%
Machinery and equipment	3 to 20 years	0 to 10%	4.5% to 33.3%
Motor vehicles	5 to 12 years	0 to 10%	7.5% to 20%
Office equipment and others	3 to 10 years	0 to 10%	9% to 33.3%

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(14) Fixed assets(Cont'd)

The estimated useful life and the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposal on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

(15) Construction in progress

Construction in progress is measured at actual cost as incurred. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the construction in progress ready for its intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation is charged starting from the following month.

(16) Borrowing costs

The borrowing costs of the Group that are directly attributable to acquisition and construction of a fixed asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of an asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of a fixed asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising in the temporary investment of those borrowings during the capitalisation period.

For the general borrowings obtained for the acquisition or construction of a fixed asset qualifying for capitalisation, the amount of general borrowing costs eligible for capitalisation is determined by applying the weighted average effective interest rate of general borrowings, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings. The effective interest rate is the interest rate used when the future cash flows of the borrowings over the estimated remaining deposit period or a shorter applicable period are discounted into the initial recognised amount of the borrowings.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(17) Intangible assets

(a) Useful life of intangible assets

Intangible assets include land use rights, technology transfer fee, patent and license, franchise, computer software and others, and are measured at cost.

The land use rights acquired by the Group are generally accounted for as intangible assets. Relevant land use rights and buildings of the self-constructed plant are accounted for as the intangible assets and fixed assets. If the costs paid for the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the costs are recognised as fixed assets.

The franchise is the right granted by the governments and relevant departments or public-private partnership (“PPP”) project implementation institutions authorised by the governments for the Group's involvement in the PPP project contracts. The right may enable the Group to provide public products and services applying PPP project assets during the operation period of PPP project contracts and charge an uncertain amount from the users of the public products and services.

The intangible assets are amortised using the straight-line method. The estimated useful lives of the intangible assets are as follows:

	Useful lives
Land use rights	27 to 50 years
Franchise	Operation period under the contract
Patent and license	5 to 40 years
Technology transfer fee	5 to 15 years
Computer software and others	3 to 5 years

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(17) Intangible assets (Cont'd)

(b) Research and development expenditures

The Group's expenditures on research and development mainly include expenditures on materials consumed for the implementation of the Group's research and development activities, salaries of employees in the research and development department, depreciation and amortisation of assets such as equipment and software used for research and development activities, research and development testing, research and development technical service fees and licensing fees.

Expenditure on the planned investigation, evaluation and selection for the internal research and development projects is regarded as expenditure on the research phase, which is recognised in profit or loss in the period in which it is incurred. Expenditure on design and test for the final application of the research and development projects before mass production is expenditure on the development phase, which is capitalised only if all of the following conditions are satisfied:

- the development project has been fully justified by technical team, with the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the budget for the project development has been approved by management;
- market research analysis proved the products produced by the development project have a market for the output and the marketing capabilities;
- adequate technical, financial and other resources are available for development of the development project and subsequent mass production and the ability to use or sell the intangible asset; and
- expenditure on the development project can be reliably collected.

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as capitalised development expenditures in the balance sheet and transferred to intangible assets at the date when the asset is ready for its intended use.

(18) Long-term prepaid expenses

Long-term prepaid expenses include the expenditure for improvements to fixed assets held under operating leases, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

The long-term prepaid expenses are amortised on the straight-line basis as follows:

	Amortisation period
Improvements to fixed assets held under leases	5 to 10 years
Renovation expenditures	2 to 8 years
Decoration expenditures	5 years
Others	2 to 5 years

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(19) Impairment of assets

Fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, investment properties measured using the cost model and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date; intangible assets not yet available for use are tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying amount of goodwill is allocated to the related asset group or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or a group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it should not be reversed for the value recovered in any subsequent periods.

(20) Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship, which include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(a) Short-term employee benefits

Short-term employee benefits include employee wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, labour union funds and employee education costs. The short-term employee benefits actually occurred are recognised as a liability in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at fair value.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(20) Employee benefits (Cont'd)

(b) Post-employment benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits mainly include basic pensions and unemployment insurance, both of which belong to the defined contribution plans except for a defined beneficial pension plan operated by part of overseas companies.

Basic pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentage prescribed by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to profit or loss for the current period or the cost of relevant assets. The Group's contributions to such pension plan for employees are fully attributable to the employees at the time of payment, so the Group has no forfeited contributions available.

Defined benefit plan

Some overseas companies of the Group have set up a defined beneficial pension plan. The present value of defined benefit plan obligation is calculated annually by an independent actuary using projected unit credit method, which is based on quality corporate bond interest rate, similar as the duration and currency of the employee benefits obligation. The net liability of present value of defined benefit plan obligation net of the fair value of plan assets is presented as long-term benefits payable in the balance sheet. Service costs related to the plan (including current service cost, past service costs and settled gains or losses) and net interest calculated based on defined benefit plan net liability and applicable discount rate are recognised as profit and loss for the current period or cost of relevant assets and changes in remeasurement of defined benefit plans liabilities as other comprehensive income.

(c) Termination benefits

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss for the current period at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw an employment termination plan or a curtailment proposal; 2) when the Group recognises costs or expenses for a restructuring that involves the payment of termination benefits.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(21) Dividend distribution

Cash dividends are recognised as liabilities in the period in which the dividends are approved by the shareholders' meeting.

(22) Provisions

Provisions for product warranties, onerous contracts, litigation, etc. are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Financial guarantee contracts and loan commitments subsequently measured at an amount equal to expected credit losses are presented in provisions.

The provisions expected to be settled within one year since the balance sheet date are classified as other current liabilities.

(23) Revenue from contracts with customers

The Group recognises revenue at the amount of the consideration which the Group expects to be entitled to receive when the customer obtains control over relevant goods or services. If there is a variable consideration in the contract, the Group determines the best estimate of the variable consideration based on the expected value or the most likely amount, and the transaction price including the variable consideration does not exceed the cumulative recognised revenue when the relevant uncertainty is eliminated for which a material reversal would occur. On the balance sheet date, the Group re-estimates the variable consideration that should be included in the transaction price. Obtaining control of relevant goods or services refers to the ability to direct the use of the goods, or the provision of the services, and obtain substantially all of the remaining benefits from the goods or services.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(23) Revenue from contracts with customers (Cont'd)

The specific accounting policies for revenue from main activities of the Group are as follows:

(a) Revenue from sales of goods

Revenue is recognised when the Group has delivered the products to the location specified in the sales contract and the customer has confirmed the acceptance of the products. The revenue is recognised at the point in time when the customer obtains control of the goods based on the following indicators: a present right to payment for goods; the transfer of significant risks and rewards of ownership of goods; the transfer of legal title to goods; the transfer of physical possession of goods; and the customer's acceptance of goods.

The Group provides a warranty in connection with the sale of energy equipment and industrial equipment in accordance with the contract and the relevant laws and regulations, etc. Such a warranty is an assurance-type warranty that provides the customer the assurance that the good complies with agreed-upon specifications, the Group accounts for the warranty in accordance with Note 3 (22).

(b) Revenue from rendering of services

The Group provides service to external parties. The related revenue is recognised based on the stage of completion within a certain period, which is determined based on proportion of costs incurred to date to the estimated total costs. On the balance sheet date, the Group re-estimates the stage of completion to reflect the changes of contract fulfilment status.

When the Group recognises revenue based on the stage of completion, the amount with unconditional collection right obtained by the Group is recognised as accounts receivable, and the rest is recognised as contract assets. If the contract price received or receivable exceeds the amount for the completed service, the excess portion will be recognised as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

(c) Revenue from construction services

The Group provides construction services to external parties and the revenue is recognised according to the progress towards complete satisfaction of a performance obligation. The revenues for the contracts of the Group were recognised mainly by reference to the proportion of costs incurred to date to the estimated total costs of the relevant contracts. At the balance sheet date, the Group re-estimates the progress towards completion to reflect the changes of contract performance status.

When the Group recognises revenue based on the progress, the amount with unconditional collection right obtained by the Group is recognised as accounts receivable, and the rest is recognised as contract assets. If the contract price received or receivable exceeds the amount for the completed construction service, the excess portion will be recognised as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(23) Revenue from contracts with customers (Cont'd)

The specific accounting policies for revenue from main activities of the Group are as follows(Cont'd):

(d) Revenue from PPP project contracts

The Group provides PPP project asset construction, operation and maintenance thereafter, and other services as agreed in the PPP project contracts. When providing PPP project asset construction services or subcontracting these services to other parties, the Group judges whether it is acting as a principal or an agent based on if it has the control over relevant goods or services before being transferred to customers, and recognises revenue and contract assets during the construction period.

During the operation period, the Group is entitled to charge fees from those who obtain public products and services but there is an uncertainty to the charge amount. When the PPP project assets are ready for their intended use, the confirmed construction income shall be recognised as intangible assets, and the contract assets recognised during the relevant construction period shall also be included in intangible assets, and amortized using the straight-line method over the period from the completion and acceptance date of the PPP project to the termination date of the concession right. During the operation period, where the Group is eligible to collect a determinable amount of cash or other financial assets, the consideration shall be recognised as receivables when the Group has the right to collect (only depending on the passage of time), and the contract assets recognised during the construction period shall be presented as contract assets or other non-current assets according to whether they are expected to be realised within one year as from the balance sheet date.

Contract assets and contract liabilities

The Group presents contract assets or contract liabilities depending on the relationship between the satisfaction of its performance obligations and the customer's payment in the balance sheet. The Group offsets the contract assets and contract liabilities under the same contract and presents the net amount.

Assets related to contract costs

Contract costs include contract performance costs and contract acquisition costs. Costs incurred for provision of construction services are recognised as contract performance costs, which is carried forward to the operating cost of main operations based on the stage of completion when recognising revenue. Incremental costs incurred by the Group for the acquisition of engineering service contract are recognised as the contract acquisition costs. For contract acquisition costs with the amortisation period within one year, the costs are included in the current profit or loss when incurred. For contract acquisition costs with the amortisation period beyond one year, the costs are included in the current profit or loss on the same basis as recognition of revenue from rendering of engineering service under relevant contract. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering of the service net of the estimated cost to be incurred, the Group makes provision for impairment on the excess portion and recognises it as asset impairment losses, and considers whether to make provisions about onerous contracts (Note 3 (22)).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(24) Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government.

Government grants are recognised when the grants can be received and all attached conditions can be met. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to assets refer to government grants which are obtained by enterprises for the purposes of acquiring, constructing or otherwise forming the long-term assets. Government grants related to income refer to the government grants other than those related to assets.

Government grants related to assets are recorded as deferred income and recognised in profit or loss on a reasonable and systemic basis over the useful lives of the assets.

For government grants related to income, those intended to compensate for relevant costs, expenses, or losses in future periods are recognised as deferred income and recorded into the current profit and loss during the period when the relevant costs or losses are recognised. Grants compensating for already incurred costs or losses are directly recorded in profit or loss for the current period.

Government grants that are related to ordinary activities are recognised as other income, otherwise, they are recognised as non-operating income.

(25) Deferred tax

The Group recognises deferred tax using the balance sheet liability method, based on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, and temporary differences between the tax bases and the carrying amounts of the items, which have a tax base according to related tax laws but are not recognised as assets and liabilities.

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

- (a) when the taxable temporary difference 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;
- (b) when the taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, that the reversal time of temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(25) Deferred tax (Cont'd)

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

- (a) when the deductible temporary difference 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;
- (b) when it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised.

At the balance sheet date, 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, in accordance with the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the balance sheet date 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 deferred tax liabilities are offset when: the tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities; and that deferred tax assets and deferred tax liabilities are related to the same tax payer within the Group and the same taxation authority.

(26) Share-based payments

A share-based payment is classified as either an equity-settled share-based payment or a cash-settled share-based payment. An equity-settled share-based payment is a transaction in which the Group receives services and uses shares or other equity instruments in exchange for settlement.

The stock option plan and the restricted share incentive plan implemented by the Group are both treated as equity-settled share-based payments.

The equity-settled share-based payments in exchange for employee services are measured at the fair value of the equity instruments granted to the employees at the granting date. The equity-settled share-based payments are exercisable after the services vesting period are completed or the performance requirements are met. At each balance sheet date within the vesting period, the Group makes the best estimate of the number of vested equity instruments according to the latest information such as changes in the number of employees with exercisable rights and whether they meet the performance requirements. The services obtained in the current period shall, based on the best estimate, be included in the profit or loss for the current period at the fair value of the equity instruments at the granting date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(26) Share-based payments (Cont'd)

Where the share-based payments cannot be exercised finally, its costs or expenses are not recognised unless the vesting conditions are market conditions or non-vesting conditions. In this regard, whether the market conditions or non-vesting conditions are satisfied or not, the payments are deemed to be exercisable only when the non-market conditions among all of the exercisable conditions are satisfied.

When the Group modifies the terms of a share-based payment scheme, if the modification increases the fair value of the equity instruments granted, the Group recognises the service additions based on the difference between the fair value of the equity instruments before and after the modification as of the date of modification. If the Group modifies vesting conditions in a favourable manner to the employees, the Group shall account for in accordance with modified vesting conditions. If the Group modifies vesting conditions in an unfavourable manner to employees, the Group shall not consider such modifications when accounting for, unless the Group cancels all or part of equity instruments granted. If the Group cancels a granted equity instrument, it is treated as an accelerated exercise on the date of cancellation, and the amount that would have been recognised over the remaining vesting period is immediately recognised in profit or loss for the current period, together with capital surplus.

If the Group needs to repurchase restricted shares that have lapsed or become null and void without being unlocked, the Group recognises liabilities and treasury stocks based on the number of restricted shares and at the pre-agreed repurchase price.

(27) Leases

Lease refers to a contract in which the lessor transfers the use right of the assets to the lessee in a certain period of time to obtain the consideration.

(a) As the lessee

At the commencement date, the Group shall recognise the right-of-use asset and measure the lease liabilities at the present value of the lease payments that are not paid at that date. Lease payments include fixed payments, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease if the lessee exercises an option to terminate the lease. Variable lease payments in proportion to sales are excluded from lease payments and recognised in profit or loss as incurred. Lease liabilities that are due within one year (inclusive) from the balance sheet date are included in the current portion of non-current liabilities.

Right-of-use assets of the Group comprise buildings, machinery and equipment, motor vehicles, computers and electronic equipment, land use rights that are held under leases. Right-of-use assets are measured initially at cost which comprises the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date and any initial direct costs, less any lease incentives received. If there is reasonable certainty that the Group will obtain ownership of the underlying asset by the end of the lease term, the asset is depreciated over its remaining useful life; otherwise, the asset is depreciated over the shorter of the lease term and its remaining useful life. The carrying amount of the right-of-use asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount.

For short-term leases with a term of 12 months or less and leases of an individual asset (when new) of low value, the Group chooses to include the lease payments in the cost of the underlying assets or in the profit or loss for the current period on a straight-line basis over the lease term, instead of recognising right-of-use assets and lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(27) Leases (Cont'd)

(b) As the lessor

Lease that transfers substantially almost all the risks and rewards incidental to ownership of a lease asset is a finance lease. An operating lease is a lease other than a finance lease.

Operating leases

Where the Group leases out self-owned buildings, machinery and equipment, and motor vehicles under operating leases, rental income therefrom is recognised on a straight-line basis over the lease term. Variable rental that is linked to a certain percentage of sales is recognised in rental income as incurred.

Finance leases

At the commencement date, the Group recognises the lease payments receivable under a finance lease and derecognises the relevant assets. When the finance lease receivables are initially measured, the net lease investment is recorded as the carrying amount of the finance lease receivables. The net lease investment represents the sum of the unguaranteed residual value and the present value of the lease payments receivable that have not been received at the lease commencement date discounted at the interest rate implicit in the lease. The finance lease receivables are presented as long-term receivables; finance lease receivables due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current assets.

Sale-leaseback transactions

The Group assesses whether the transfer of assets in the sale-leaseback transactions qualifies as a sale in accordance with Note 3 (23).

When the transfer of assets in the sale-leaseback transactions qualifies as a sale, the Group, as the lessor, accounts for the asset acquisition and the asset lease in accordance with the above provisions. When the transfer of assets in the sale-leaseback transactions does not qualify as a sale, the Group, as the lessor, does not recognise the transferred assets. Instead, it recognises a financial asset with the equivalent amount of the transferred income, which is recognised as sale-leaseback receivables. The sale-leaseback receivable is presented as long-term receivables. The sale-leaseback receivable due within one year (inclusive) as from the balance sheet date is presented as current portion of non-current assets.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(28) Derivative financial instruments and hedging instruments

The Group uses derivative financial instruments held or issued to hedge its exposure on foreign exchange and interest rate risks. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. The derivative financial instrument is carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The method for recognising changes in fair value of the derivative financial instrument depends on whether the derivative financial instrument is designated as a hedging instrument and meets the requirement for it, and if so, the nature of the item being hedged. For those not designated as or not qualified as the hedging instrument, including the derivative financial instruments aimed at providing hedge for specific interest and exchange rate risk but not satisfying the hedging accounting requirements, the changes in fair value are recognised in “losses on changes in fair value” in the income statement.

At the inception of the hedge, the Group documents the hedging relations between hedging instrument and hedged item, as well as risk management objectives and hedging strategies. The Group also documents its assessment, both at hedge inception and in subsequent periods, of whether the derivative financial instruments that are used in hedging businesses are highly effective in offsetting changes in fair values or cash flows of hedged items.

For the purpose of hedge accounting, the Group's hedges are classified as:

(a) Fair value hedges

A fair value hedge refers to a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or to changes in the identifiable portion of the asset or liability of an unrecognised firm commitment. Such changes in value are attributable to a particular risk and could affect profit or loss.

For a hedging instrument satisfying the requirements for fair value hedge, the changes in its fair value together with the changes in fair value arising from exposures to the hedged item are recognised in the income statements for the current period, and their net impacts are recorded in the income statement for the current period as the ineffective portion of the hedge.

If a hedging relation no longer satisfies the requirements of hedge accounting, the adjustment to the carrying amount of a hedged item measured at amortised cost is amortised by using the effective interest method during the period from the termination date to the maturity date and included in the income statement for the current period. When a hedged item is derecognised, the unamortised adjustment to its carrying amount is directly included in the income statement for the current period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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(All amounts in RMB'000 Yuan unless otherwise stated)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(28) derivative financial instruments and hedging instruments (Cont'd)

For the purpose of hedge accounting, the Group's hedges are classified as: (Cont'd)

(b) Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction, and ultimately could affect profit or loss.

The effective portion of changes in fair value of derivatives that are designated and qualified as cash flow hedge is recognised in other comprehensive incomes. The ineffective portion of the hedge is recognised in the income statement for the current period.

Accumulated gains or losses previously recognised in other comprehensive income are transferred to the income statement in the same period when the hedged item affects the income statement.

If the hedging instrument expires or is sold, or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, the accumulated gains or losses previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction occurs and then it will be reclassified to the income statement of the current period. If the forecast transaction is not estimated to occur, the accumulated gains or losses previously recognised in other comprehensive income should be transferred to the income statement for the current period.

(c) Hedge of net investments in foreign operations

Hedge of net investments in foreign operations is accounted for in the same method of cash flow hedges.

For hedging instruments that are designated as hedging instruments and qualified as a hedge of net investments in a foreign operation, the effective portion is included in other comprehensive income; while the ineffective portion of the hedge is recognised in the income statement for the current period.

Gains and losses accumulated in other comprehensive income are included in the profit or loss for the current period when the foreign operation is all or partially disposed of.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(29) Safety production funds

Safety production funds provided according to the regulations are included in costs of related products or profit or loss, and credited to the specialised reserves. They are accounted for differently when being utilised: (a) the specialised reserves are offset against for those attributable to the expense nature; or (b) the cumulative expenditures are recognised as a fixed asset for those attributable to the fixed asset nature when the asset is brought to the working condition for the intended use, and at the same time, specialised reserves are offset against with the full depreciation of the fixed asset, at the same amount.

(30) Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy 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 measured at fair value in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at each balance sheet date.

(31) Non-current assets or disposal groups held for sale and discontinued operations

(a) Non-current assets or disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. A non-current asset or a disposal group is classified as held for sale when both of the following conditions are satisfied: (1) the non-current asset or the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such non-current asset or disposal group and its sale must be highly probable, i.e., the Group has passed a disposal resolution and obtained a firm purchase commitment; and (2) the Group has entered a legally enforceable sales agreement with other party and obtained relevant approval, and the sales transaction is expected to be completed within one year. (in the cases that approval from authorities or regulators is required before the sale, the approval has been received). If the Group is committed to a sale plan involving a loss of control of a subsidiary, the investment in the subsidiary is classified as a whole as an asset held for sale in the individual financial statements, and all assets and liabilities of the subsidiary are classified as a disposal group held for sale in the consolidated financial statements when the criteria are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Where the carrying amounts of non-current assets or disposal groups classified as held for sale (other than financial assets, deferred tax assets, investment properties measured at fair value) are higher than their fair values less costs to sell, the Group recognises an impairment loss in profit or loss for the write-down of the asset or disposal group to fair value less costs to sell. The reduction in carrying amounts is treated as an impairment loss and recognised in profit or loss. A provision for impairment loss of the assets classified as held for sale is recognised accordingly. Non-current asset classified as held for sale or while it is part of a disposal group classified as held for sale is not depreciated or amortised, and not accounted for under the equity method.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(31) Non-current assets or disposal groups held for sale and discontinued operations (Cont'd)

(b) Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and is separately identifiable and satisfies one of the following conditions: the component represents a separate major line of business or geographical area of operations; the component is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; and it is a subsidiary acquired exclusively with a view to resale.

Profit or loss from discontinued operations is stated separately in the income statement from profit or loss from continuing operations. Impairment loss and reversal of discontinued operations, and profit or loss on disposal of discontinued operations, are presented in discontinued operations. For the discontinued operations for the current period, the Group re-presents its profit or loss of continuing operations for prior periods in discontinued operations for the comparative accounting period in the current financial statements.

(32) Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenue and incur expenses from its ordinary activities; (2) operating results of the component are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance; and (3) information on financial position, operating results and cash flows of the component is available to the Group. Two or more operating segments that have similar economic characteristics and satisfy certain conditions can be aggregated into one single operating segment.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(33) Debt restructuring

Debt restructuring refers to a transaction in which the time, amount or method for repayment of debts is agreed between the creditor and the debtor or ruled by the court without changing the counterparty.

The Group as the creditor

For debt restructuring in which the debtor offsets its debts to the Group against its inventories, fixed assets and other non-financial assets, the Group determines the initial cost of non-financial assets obtained at the fair value of waived debts and based on other relevant costs including taxes directly attributable to the assets that incurred before bringing the assets to current position and condition, or to be ready for their intended use. The difference between the fair value and carrying amount of debts waived by the Group is included in profit or loss for the current period.

In addition, when debt restructuring by modifying other terms results in the derecognition of the original debt, the Group initially measures the restructured debt at fair value in accordance with the modified terms, and the difference between the recognised amount of the restructured debt and the carrying amount of the original debt at the date of its derecognition is recognised in profit or loss for the current period. If the modification of other terms does not result in derecognition of the original debt, the original debt continues to be subsequently measured at its original classification, and the gains or losses arising from the modification are recognised in profit or loss for the current period.

The Group as the debtor

As the debtor, if a debt restructuring is carried out by way of asset settlement, the Group shall derecognise the relevant assets and the liabilities settled when the conditions for derecognition are met, and the difference between the carrying amount of the debts settled and the carrying amount of the assets transferred is recognised in profit or loss for the current period.

In addition, when debt restructuring by modifying other terms results in the derecognition of the original debt, the Group initially measures the restructured debt at fair value in accordance with the modified terms, and the difference between the recognised amount of the restructured debt and the carrying amount of the original debt at the date of its derecognition is recognised in profit or loss for the current period. If the modification of other terms does not result in derecognition of the original debt, the original debt continues to be subsequently measured at its original classification, and the gains or losses arising from the modification are recognised in profit or loss for the current period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(34) Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities at the balance sheet date. 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.

The Group continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

(a) Judgements

Consolidation scope

Shanghai Mechanical & Electrical Industry Co., Ltd. (“SMEI”) is an A-share listed company listing on SSE. The Group is the single largest shareholder of SMEI holding 43.81% of SMEI's shares. The remaining shares of SMEI are widely held by many other shareholders, none of whose shares exceed 5% (since the date when SMEI is consolidated by the Group). Meanwhile, since the date of consolidation, there has been no history of other shareholders exercise their votes collectively or to outvote the Group. Therefore, the Group has substantial control over SMEI and includes it in the consolidation scope.

The Group holds 50% of the equity of Shanghai Electric Transmission and Distribution Group Co., Ltd. and 1% of its potential share warrant and can dominate the control of its significant financial and operating policy decisions. Therefore, the Group has substantial control over it and includes it in the consolidation scope as a subsidiary.

The Group holds 28.59% of the shares of Shenzhen Yinghe Technology Co., Ltd. (“Yinghe Technology”), a company listed on the Shenzhen Stock Exchange, making the Group the largest shareholder of Yinghe Technology. Wang Weidong, the second largest shareholder of Yinghe Technology, and Xu Xiaojun, the third largest shareholder of Yinghe Technology, collectively hold 13.71% of the voting rights of the entity. In addition to the above-mentioned shares, the remaining shares are widely held by many other shareholders. Therefore, although the Group holds less than half of the voting rights of Yinghe Technology, the Group has substantial control over Yinghe Technology and includes it in the consolidation scope.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(34) Critical accounting estimates and judgements (Cont'd)

(a) Judgements (Cont'd)

Classification of financial assets

Significant judgements made by the Group in the classification of financial assets include business model and analysis on contractual cash flow characteristics.

The Group determines the business model for financial asset management on the grouping basis, and factors to be considered include the methods for evaluating financial asset performance and reporting the financial asset performance to key management personnel, the risks affecting financial asset performance and corresponding management methods and the ways in which related business management personnel are remunerated.

When assessing whether contractual cash flow characteristics of financial assets are consistent with basic loan arrangement, key judgements made by the Group include: the possibility of changes in time schedule or amount of the principal during the lifetime due to reasons such as repayment in advance; whether interest only includes time value of money, credit risks, other basic lending risks and considerations for costs and profits. For example, the Group considers whether the amount of prepayment only reflects the principal outstanding and the interest based on the principal outstanding, as well as the reasonable compensation due to the early termination of the contract.

Determination of significant increase in credit risk and credit-impairment

When the Group classifies financial instruments into different stages, its determination for significant increase in credit risk and credit impairment is as follows:

Judgement of the Group for significant increase in credit risk is mainly based on whether one or more of the following indicators changed significantly: business environment of the debtor, internal and external credit rating, significant changes in actual or expected operating results, significant decrease in value of collateral or credit rate of guarantor which affects the probability of default, etc.

Judgement of the Group on the occurred credit impairment is mainly based on whether it meets one or more of the following conditions: the debtor is suffering significant financial difficulties, engaged in other debt restructuring, or probably bankrupt, etc.

(b) Uncertainty over estimates

Measurement of ECL

The Group calculates ECL through default risk exposure and ECL rate, and determines the ECL rate based on default probability, default loss rate or ageing matrix. In determining the ECL rate, the Group uses data such as internal historical credit loss experience, and adjusts historical data based on current conditions and forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(34) Critical accounting estimates and judgements (Cont'd)

(b) Uncertainty over estimates(Cont'd)

Measurement of ECL(Cont'd)

When considering forward-looking information, the Group takes different macroeconomic scenarios into consideration. In 2025, the economic scenario weights of “benchmark”, “unfavourable” and “favourable” accounted for 60%, 30% and 10% (2024: 60%, 30% and 10%) respectively. The Group regularly monitors and reviews important macroeconomic assumptions and parameters for calculating ECL, including the risk of economic downturn, external market environment, technological environment, changes in customer profile, gross domestic product, production price index, industrial added value, broad money supply and completed investments in fixed-assets. In 2025, the Group has considered the uncertainties under different macroeconomic scenarios and updated the relevant assumptions and parameters accordingly.

The key macroeconomic parameters applied in various scenarios in 2025 were mainly as follows:

	Economic scenarios		
	Benchmark	Unfavourable	Favourable
Gross domestic product	4.97%	4.55%	5.20%
Production price index	-1.95%	-2.70%	2.50%
Industrial added value	5.65%	3.70%	6.70%
Broad money supply	8.05%	6.20%	8.60%
Completed investments in fixed assets	2.04%	-1.00%	4.80%

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(34) Critical accounting estimates and judgements (Cont'd)

(b) Uncertainty over estimates(Cont'd)

Construction contracts

The Group recognises the revenue for a contract over a period using the percentage of completion method when the results of construction service can be estimated reliably. The performance of the contract is determined in accordance with the method stated in Note 3 (23) and is accumulated during the accounting years of construction services.

Significant estimation and judgement are required in determining the percentage of completion, the contract performance costs incurred, the estimated total contract cost and the recoverability of the contract costs. Management mainly makes judgement based on past experience. Changes in the estimations of total contract revenue and costs and the outcome of contract performance may have significant impact on the revenue, cost of sales and the profit or loss for the current or subsequent periods.

Net realisable value of inventories

Impairment of inventories to net realisable value is based on the assessment of the possibility to sell in the future and the net realisable value of inventories. Identification of impairment of inventories requires judgements and estimates from management on the basis of obtaining conclusive evidence and considering the purpose for holding inventories and impact of events after the balance sheet date. Difference between the actual results and original estimates will have an impact on the carrying amount of inventories and accrual or reversal of provision for decline in the value of inventories for the period in which the estimates are changed.

Provisions

The Group estimates and makes provision for product warranties, estimated onerous contracts, penalty for delayed delivery, litigation compensation, financial guarantee contracts, etc. based on contract terms, available information and past experience. When such contingency forms a present obligation and it is probable that an outflow of economic benefits may incur if the obligation is fulfilled, the obligation is measured at best estimate.

Provision for loss on onerous contracts

For some sales contracts, the Group estimates and makes corresponding provisions for expected losses on onerous contracts where the unavoidable costs of fulfilling the contractual obligations exceed the anticipated economic benefits. The expected loss is recognised as an impairment provision for the underlying assets (if any) of the contract, with the remaining recognised as provisions.

The Group's judgment and estimation of the costs that are unavoidable in fulfilling the contractual obligations involve the net costs of contract exit based on historical experience, the material costs, working hours, wages, overheads, transportation expenses, provision for product quality assurance and other performance costs required to perform the contract.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(34) Critical accounting estimates and judgements (Cont'd)

(b) Uncertainty over estimates (Cont'd)

Enterprise income tax and deferred tax assets

The Group is subject to income taxes in numerous jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Estimation and judgement are required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to be applied to the period when the asset is realised or the liability is settled. When it is possible that taxable profit will be available to offset deductible losses, deferred tax assets are recognised with all unutilised deductible losses. It requires management to exercise significant judgement to estimate the time and amount of future taxable profit, in combination of tax planning strategy, so as to determine the amount of deferred tax assets.

As stated in Note 4(2), some subsidiaries of the Group are high-tech enterprises. The “High-Tech Enterprise Certificate” is effective for three years. Upon expiration, application for high-tech enterprise should be submitted again to the relevant government authorities. Based on the past experience of reassessment for high-tech enterprise upon expiration and the actual condition of the subsidiaries, management considers that the subsidiaries are able to obtain the qualification for high-tech enterprises in future years, and therefore a preferential tax rate of 15% is used to calculate the corresponding deferred income tax. If some subsidiaries cannot obtain the qualification for high-tech enterprise upon expiration, then the subsidiaries are subject to a statutory tax rate of 25% for the calculation of the deferred income tax, which could increase the recognised net deferred tax assets and decrease the deferred tax expenses.

Impairment of non-current assets other than financial assets (except for goodwill)

The Group judges whether there exists impairment of non-current assets other than financial assets as at balance sheet date. Intangible assets not yet available for use are tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired. Non-current assets other than financial assets are subject to impairment tests when there is indication of impairment. An asset or asset group is impaired if the carrying amount exceeds their recoverable amounts, which is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The fair value less costs to sell could be determined with reference to sales agreement price or observable market price of similar products in arm's length transaction less directly attributable incremental costs in assets disposal. Management should estimate the expected future cash flows of an asset or asset group, and determine an appropriate discount rate for the calculation of the present value of future cash flows.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

(34) Critical accounting estimates and judgements (Cont'd)

(b) Uncertainty over estimates (Cont'd)

Impairment of goodwill

The Group tests at least annually whether goodwill has suffered any impairment. The recoverable amount of asset groups or groupings of asset groups is the present value of the future cash flows expected to be derived from them. These calculations require use of accounting estimates.

The Groups uses the market approach to determine the fair value less cost of disposal of an asset group. The methods adopted was the stock price of listed companies after necessary adjustments.

If management revises the gross margin, the growth rate in the forecast period and the growth rate in the stable period that are used in the calculation of the future cash flows of asset groups and groups of asset groups, if the revised rates are lower/higher than those currently used, the Group will need to adjust impairment of goodwill of its subsidiary described in Note 5 (27).

If the actual gross margin/pre-tax discount rate is higher/lower than management's estimates, the impairment loss of goodwill previously provided for is not allowed to be reversed by the Group.

Evaluation of fair value

The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. Valuation techniques include using prices of recent market transactions between knowledgeable and willing parties, reference to the current fair value of another financial asset that is substantially the same with this instrument, and discounted cash flow analysis. When a valuation technique is used to determine the fair value of a financial instrument, management uses observable market inputs as opposed to entity-specific inputs to the maximum extent possible. The setting of the input involves certain judgements. If there is any discrepancy between the inputs and the actual results, material adjustments will be made to the fair value of the financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

4 TAXATION

(1) The main categories and rates of taxes

Category	Taxation base	Tax rate
Enterprise income tax	Taxable income	15%, 20%, 25%
Value-added tax ("VAT")	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)	13%, 9%, 6%, 5% or 3%
City maintenance and construction tax	The payment amount of VAT	1%, 5%, 7%

(2) Tax preference

(a) The Group's first-tier subsidiaries listed below were awarded the High-tech Enterprise Certificate with a valid period of three years by the Science and Technology Commission of Shanghai Municipality, the Shanghai Municipal Finance Bureau, the State Taxation Administration Shanghai Municipal Office and the Shanghai Municipal Bureau of Local Taxation, and are subject to enterprise income tax at the rate of 15% for the current year.

Name of the first-tier subsidiaries	Applicable period for high-tech enterprises	
	Starting year	Ending year
Shanghai Electric Power Generation Environment Protection Engineering Co., Ltd.	2025	2027
Shanghai Electric Distributed Energy Technology Co., Ltd.	2025	2027
Shanghai Turbine Works Co., Ltd.	2025	2027
Shanghai Electric (Anhui) Energy Storage Technology Co., Ltd.	2025	2027
ZTC Technology (Suzhou) Co., Ltd.	2024	2026
Shanghai Electric Nuclear Power Equipment Co., Ltd.	2024	2026
Shanghai Electric SHMP Casting & Forging Co., Ltd.	2024	2026
Shanghai Electric-SPX Engineering & Technologies Co., Ltd.	2024	2026
Shanghai Denso Fuel Injection Co., Ltd.	2024	2026
Shanghai Electric Fuji Electric Power Technology Co., Ltd.	2024	2026
Shanghai Electric SHMP Pulverizing & Special Equipment Co., Ltd.	2024	2026
Shanghai KSB Pumps Co., Ltd.	2024	2026
Shanghai Power Station Auxiliary Machinery Factory Co., Ltd.	2024	2026
Shanghai Electric Wind Power Group Co., Ltd.	2023	2025
Shanghai Electric Group Shanghai Electric Machinery Co., Ltd.	2023	2025
Shanghai Boiler Works Co., Ltd.	2023	2025
Shanghai Electric Gas Turbine Co., Ltd.	2023	2025
Shanghai No.1 Machine Tool Works Co., Ltd.	2023	2025
Shanghai Centrifuge Institute Co., Ltd.	2023	2025
Shanghai Electric Group Digital Technologies Co., Ltd.	2023	2025

4 TAXATION (CONT'D)

(2) Tax preference (Cont'd)

(b) Pursuant to the Notice of the Additional Value-Added Tax Credit Policy for Advanced Manufacturing Enterprises (Cai Shui [2023] No. 43) jointly issued by the Ministry of Finance and the State Taxation Administration, several subsidiaries of the Group as advanced manufacturing enterprises, are allowed to credit the amount of input VAT deductible in the current period plus 5% thereof against the VAT payable from 1 January 2023 to 31 December 2027.

(3) Other remarks

The Group's following first-tier subsidiaries are subject to the tax rates prevailing in the countries in which they operate in compliance with the existing laws and regulations, interpretations and practices:

	Income tax rate
Sida Machine Tool Manufacturing Co., Ltd.	15.83%
Shanghai Electric (India) Limited Company	25.00%
Shanghai Electric (Vietnam) Limited Company	20.00%
Shanghai Electric Power Generation (Malaysia) Co., Ltd.	24.00%
Shanghai Electric Panama Co., Ltd.	25.00%
Shanghai Electric Group Europa Co., Ltd.	15.00%
Shanghai Electric Hong Kong Co., Ltd.	16.50%
Shanghai Electric Newage Company Limited	16.50%

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	31 December 2025	31 December 2024
Cash on hand	1,925	2,299
Cash at bank	32,107,523	27,838,383
Other cash balances	5,198,728	4,728,331
Total	37,308,176	32,569,013
Including: Total overseas deposits	3,548,103	3,113,361

As at 31 December 2025, other cash balances represented restricted cash at bank and on hand of RMB 5,198,728 thousand (31 December 2024: RMB 4,728,331 thousand), including restricted bank deposits of RMB 1,695,075 thousand (31 December 2024: RMB 1,584,527 thousand) for the issuance of unconditional and irrevocable letters of guarantee, deposits for letters of credit or banker's acceptances, frozen funds resulting from litigation, funds in the special loan supervision account, etc.; The central bank reserves of Shanghai Electric Finance Co., Ltd. (the "Finance Company"), a subsidiary of the Group, amounted to RMB 3,503,653 thousand (31 December 2024: RMB 3,143,804 thousand).

(2) Placements with banks and other financial institutions

	31 December 2025	31 December 2024
Deposits with domestic banks	17,728,894	26,207,572

As at 31 December 2025 and 31 December 2024, placements with banks and other financial institutions represented deposits with large commercial banks by the Finance Company.

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(3) Financial assets held for trading

	31 December 2025	31 December 2024
Investments in funds held for trading	5,895,429	6,308,325
Investments in equity instruments held for trading	1,743,175	20,754
Investments in bonds held for trading	-	826,182
Wealth management products	404,689	271,434
Others	344,177	352,865
Total	<u>8,387,470</u>	<u>7,779,560</u>

The fair value of investments in funds held for trading, investments in equity instruments held for trading, investments in bonds held for trading, and wealth management products is primarily determined based on publicly available market information, quoted prices or prices specified in the signed sales agreement.

As at 31 December 2025, all fund investments held by the Group were invested in highly liquid money market instruments.

The Group's maximum risk exposure to these funds is the carrying value of the purchased shares at the balance sheet date. The Group has no obligation or intention to provide financial support to these funds.

(4) Derivative financial assets and derivative financial liabilities

	31 December 2025	31 December 2024
Derivative financial assets		
Forward foreign exchange contracts	13,351	496
Futures	<u>1,383</u>	<u>24</u>
Total	<u>14,734</u>	<u>520</u>
Derivative financial liabilities		
Forward foreign exchange contracts	<u>2,386</u>	<u>25,507</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(5) Notes receivable

(a) Notes receivable by category

	31 December 2025	31 December 2024
Trade acceptance notes	2,087,689	2,072,483
Bank acceptance notes	2,017,229	1,904,290
	<u>4,104,918</u>	<u>3,976,773</u>
Less: Provision for bad debts	924,825	807,023
Total	<u>3,180,093</u>	<u>3,169,750</u>

(b) Pledged notes

As at 31 December 2025, the Group had no pledged notes receivable disclosed in notes receivable (31 December 2024: Nil).

(c) Notes receivable endorsed or discounted but unmatured

	Derecognised	Not derecognised
Bank acceptance notes	1,341,279	414,337
Trade acceptance notes	-	433,162
Total	<u>1,341,279</u>	<u>847,499</u>

For the year ended 31 December 2025, the bank acceptance notes held by the Group were primarily held for collecting contractual cash flows. Certain subsidiaries endorsed or discounted a small portion of bank acceptance notes, which met the derecognition criteria, while the remaining bank acceptance notes retained by these subsidiaries were classified as financial assets measured at amortized cost. Additionally, some subsidiaries of the Group discounted or endorsed a portion of bank acceptance notes based on their daily treasury management needs, meeting the derecognition criteria. As a result, these subsidiaries classified their remaining bank acceptance notes as financial assets measured at fair value through other comprehensive income (Note 5 (7)).

During 2025, the Group derecognised bank acceptance notes and receivables financing with a carrying amount of RMB 6,177,019 thousand and RMB 1,752,965 thousand, respectively (2024: RMB 3,521,823 thousand and RMB 1,430,356 thousand), as substantially all risks and rewards of ownership were transferred upon endorsement or discounting. The related discounting loss of RMB 4,526 thousand was recognised in investment income.

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(5) Notes receivable (Cont'd)

(d) Provision for bad debts

For notes receivable arising from ordinary operating activities such as sales of goods and rendering of services, the Group recognises the lifetime ECL regardless of whether there exists a significant financing component.

The provision for bad debts of notes receivable is analysed by category as follows:

	31 December 2025				31 December 2024			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	proportion of total balance(%)	Amount	Provision ratio	Amount	proportion of total balance(%)	Amount	Provision ratio
Provision for bad debts on the individual basis (i)	1,055,249	26	907,221	86.0	1,098,292	28	795,196	72.4
Provision for bad debts on the grouping basis (ii)	3,049,669	74	17,604	0.6	2,878,481	72	11,827	0.4
Total	4,104,918	100	924,825		3,976,773	100	807,023	

- (i) As at 31 December 2025, the Group held trade acceptance notes totalling RMB 1,055,249 thousand receivable from certain subsidiaries within third-party groups. Based on these subsidiaries' historical repayment patterns, business models, current financial conditions and outlook assessments under multiple scenarios, the Group calculated expected credit losses by applying scenario-specific loss rates weighted by probability, resulting in a total provision of RMB 907,221 thousand. Furthermore, certain subsidiaries of these groups settled their payable trade acceptance notes and accounts payable through asset-for-debt settlements ("the Settlements"), which were recognised upon completion of online registration for the relevant assets. Consequently, the Group derecognised the corresponding notes and accounts receivable while recording the consideration as other non-current assets. The derecognised notes receivable and corresponding other non-current assets balance from such Settlements amounted to RMB 201,431 thousand as at 31 December 2025 (31 December 2024: RMB 200,138 thousand).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(5) Notes receivable (Cont'd)

(d) Provision for bad debts(Cont'd)

- (ii) Notes receivable with provision for bad debts made on the grouping basis are analysed as follows:

Grouping - Grouping of bank acceptance notes:

As at 31 December 2025, the Group measured its provision for bad debts based on lifetime expected credit losses. The Group considers that the bank acceptance notes within this portfolio do not carry significant credit risk and will not incur material losses due to bank defaults. Accordingly, no provision for bad debts has been recognised.

Grouping - Grouping of trade acceptance notes:

As at 31 December 2025, the Group measured its provision for bad debts based on lifetime expected credit losses, amounting to RMB 17,604 thousand, of which RMB 6,945 thousand was recognised in profit or loss for the current period.

(6) Accounts receivable

	31 December 2025	31 December 2024
Accounts receivable	54,810,769	55,196,640
Less: Provision for bad debts	<u>17,778,212</u>	<u>17,649,203</u>
Total	<u>37,032,557</u>	<u>37,547,437</u>

- (i) As at 31 December 2025, the Group pledged accounts receivable with a carrying value of RMB 1,444,727 thousand (31 December 2024: RMB 2,421,710 thousand) for obtaining long-term bank borrowings of RMB 1,424,468 thousand (31 December 2024: RMB 1,797,055 thousand).
- (ii) As at 31 December 2025, the Group had no pledged accounts receivable for obtaining short-term bank borrowings (As at 31 December 2024, the Group pledged accounts receivable with a carrying value of RMB 71,098 thousand for obtaining short-term bank borrowings of RMB 105,000 thousand).

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(6) Accounts receivable(Cont'd)

(a) Ageing analysis of accounts receivable

The overdue ageing of accounts receivable was analysed as follows:

	31 December 2025	31 December 2024
Not overdue	23,091,096	20,316,523
Overdue within 1 year	8,287,332	10,854,691
Overdue 1 to 2 years	4,646,754	6,119,012
Overdue 2 to 3 years	2,630,070	2,681,025
Overdue 3 to 4 years	2,220,749	4,805,595
Overdue 4 to 5 years	4,294,992	4,412,705
Overdue over 5 years	9,639,776	6,007,089
Total	54,810,769	55,196,640

The ageing of accounts receivable was analysed based on invoice date as follows:

	31 December 2025	31 December 2024
Within 1 year	26,408,936	28,208,987
1 to 2 years	7,134,944	7,017,109
2 to 3 years	3,167,224	3,502,584
3 to 4 years	2,559,992	5,203,788
4 to 5 years	5,175,577	5,132,500
Over 5 years	10,364,096	6,131,672
Total	54,810,769	55,196,640

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(6) Accounts receivable (Cont'd)

(b) Disclosure by methods of provision for bad debts

For the year ended 31 December 2025	Book balance		Provision for bad debts		Net book value
	Amount	Proportion(%)	Amount	ECL rates(%)	
Individual provision for bad debts	15,025,386	27	11,761,064	78	3,264,322
Sovereign credit portfolio	972,995	2	373,192	38	599,803
Ageing grouping of accounts receivable by sector	38,812,388	71	5,643,956	15	33,168,432
Total	54,810,769	100	17,778,212		37,032,557

For the year ended 31 December 2024	Book balance		Provision for bad debts		Net book value
	Amount	Proportion(%)	Amount	ECL rates(%)	
Individual provision for bad debts	15,141,032	27	11,673,611	77	3,467,421
Sovereign credit portfolio	864,072	2	417,492	48	446,580
Ageing grouping of accounts receivable by sector	39,191,536	71	5,558,100	14	33,633,436
Total	55,196,640	100	17,649,203		37,547,437

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(6) Accounts receivable (Cont'd)

(b) Disclosure by methods of provision for bad debts (Cont'd)

As at 31 December 2025, accounts receivable with provision for bad debts made on the individual basis were analysed as follows:

	31 December 2025			Reason
	Book balance	Provision for bad debts	Lifetime ECL rates	
Accounts receivable 1	3,478,575	3,478,575	100%	(i)
Accounts receivable 2	2,191,732	1,147,232	52%	(i)
Accounts receivable 3	1,786,058	1,783,648	99%	(i)
Accounts receivable 4	1,193,017	643,947	54%	(i)
Accounts receivable 5	953,915	823,387	80%-100%	(ii)
Others	5,422,089	3,884,275	16%-100%	(iii)
Total	15,025,386	11,761,064		

- (i) In 2021, the Group identified that accounts receivable of its subsidiary, Shanghai Electric Communication Technology Co., Ltd ("Communication Company"), were overdue in succession, with the collection of repayments stagnated. In order to reduce losses, Communication Company has initiated formal legal proceedings to related clients successively. As at 31 December 2025, Communication Company recognised the ECL by calculating the probability-weighted present value of the difference between the contractual cash flows from accounts receivable and cash flows expected to be received under different scenarios, taking into account the latest developments in litigation, professional legal advice from external lawyers and the asset preservation related to the litigation. As at 31 December 2025, the ECL accumulated to RMB 7,053,402 thousand. As of the end of the reporting period, there have been no material adverse changes.
- (ii) As at 31 December 2025, the Group's receivables from a subsidiary within a third-party group represented RMB 953,915 thousand. The Group evaluated the distribution of expected cash flows under multiple scenarios based on the historical experience of credit losses, operating model, current situations and forecasts of future conditions of subsidiaries under different conditions within the third party group, and made provision for bad debt based on the ECL rate and the related probability weight under various scenarios.
- (iii) Due to the counterparty's financial distress, the receivables are estimated to be partially or fully uncollectible.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(6) Accounts receivable (Cont'd)

(b) Disclosure by methods of provision for bad debts (Cont'd)

Accounts receivable grouped by age and sector

As at 31 December 2025, accounts receivable grouped by age and sector were as follows:

	Book balance	Provision for bad debts	ECL rates
Not overdue	21,821,861	371,860	0.1%-5%
Overdue within 1 year	7,041,695	680,811	1%-29%
Overdue 1 to 2 years	4,363,849	979,033	3%-41%
Overdue 2 to 3 years	2,385,765	1,013,007	8%-84%
Overdue 3 to 4 years	1,579,504	1,077,497	10%-100%
Overdue 4 to 5 years	745,731	647,765	27%-100%
Overdue over 5 years	873,983	873,983	100%
Total	38,812,388	5,643,956	

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(6) Accounts receivable (Cont'd)

(c) Provision for bad debts

	Opening balance	Provision	Reversal	Changes to consolidation scope	Write-off	Transfers from others	Closing balance
Bad debts provision recognised on the individual basis	11,673,611	406,915	(215,940)	(47,681)	(146,020)	90,179	11,761,064
Bad debts provision recognised on the grouping basis	5,975,592	782,522	(723,572)	(10,677)	(104,684)	97,967	6,017,148
Total	17,649,203	1,189,437	(939,512)	(58,358)	(250,704)	188,146	17,778,212

The actual amount written off during the year was RMB 250,704 thousand and there were no significant write-offs.

(d) The top five balances of accounts receivable and contract assets aggregated by debtors

	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion in the aggregate balance of accounts receivable and contract assets (%)	Closing balance of bad debts provision for accounts receivable and contract assets
The top five balances of accounts receivable and contract assets	9,603,297	3,388	9,606,685	10	7,878,907

(e) Accounts receivable derecognised due to transfer of financial assets were analysed as follows:

In 2025, except for Note 5 (7(a)), the Group had no accounts receivable that were derecognised after the Group had applied a non-recourse factoring (2024: Nil).

In 2025, the Group entered into debt-for-asset swap transactions with certain debtors, whereby the debtors settled their accounts payable to the Group by transferring specific assets. These transactions were recognised as completed upon the execution of online registration procedures for the transferred assets. The Group accordingly derecognised the related receivables and recorded the corresponding amounts in other non-current assets. As of December 31, 2025, the derecognised accounts receivable and the recorded balances in other non-current assets arising from these debt-for-asset swaps amounted to RMB 436,171 thousand (December 31, 2024: RMB 183,812 thousand).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(7) Receivables financing

	31 December 2025	31 December 2024
Accounts receivable measured at fair value through other comprehensive income (a)	310,288	57,249
Notes receivable measured at fair value through other comprehensive income (b)	1,791,842	1,034,747
Total	2,102,130	1,091,996

(a) Accounts receivable measured at fair value through other comprehensive income:

The ageing of accounts receivable is analysed as follows:

	31 December 2025	31 December 2024
Not overdue	310,288	57,249

As at 31 December 2025, certain subsidiaries of the Group transferred their held electronic debt instruments without recourse based on daily treasury management needs. Consequently, these subsidiaries classified the remaining accounts receivable from electronic debt instruments as financial assets measured at fair value through other comprehensive income. The fair value of these accounts receivable amounted to RMB 310,288 thousand (31 December 2024: RMB 57,249 thousand).

(b) Notes receivable measured at fair value through other comprehensive income

As at 31 December 2025, all of the Group's notes receivable measured at fair value through other comprehensive income consisted of bank acceptance notes. The Group considers that the bank acceptance notes held share similar credit risk characteristics. Furthermore, the Group believes these bank acceptance notes do not carry significant credit risk and will not result in material losses due to bank defaults. Consequently, the expected credit losses are not considered material.

As of December 31 2025, the Group had no pledged notes receivable disclosed under receivables financing (December 31, 2024: Nil).

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(7) Receivables financing (Cont'd)

As at 31 December 2025, the Group's notes receivable presented as receivables financing endorsed or discounted but unmatured were as follows:

	Derecognised	Not derecognised
Bank acceptance notes	1,386,467	-

(8) Prepayments

	31 December 2025	31 December 2024
Prepayments	11,501,808	11,236,621

(a) The ageing of prepayments is analysed as follows:

	31 December 2025		31 December 2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	9,464,203	82.28	8,859,261	78.85
1 to 2 years	987,068	8.58	1,051,138	9.35
2 to 3 years	549,042	4.77	611,131	5.44
Over 3 years	501,495	4.37	715,091	6.36
Total	11,501,808	100	11,236,621	100

As at 31 December 2025, prepayments aged over one year were RMB 2,037,605 thousand (31 December 2024: RMB 2,377,360 thousand), which are mainly prepayments for goods, attributable to the nature of business operations, which involve long lead times for critical materials. Such prepayments are made to secure timely project completion.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(8) Prepayments(Cont'd)

(b) As at 31 December 2025, the five largest prepayments aggregated by debtors were analysed as follows:

	Amount	proportion of total prepayments(%)
Total	1,512,180	13.15

(9) Other receivables

	31 December 2025	31 December 2024
Receivables from related parties (Note 10(6))	767,530	1,088,943
Receivables from third parties	4,310,555	5,163,851
	5,078,085	6,252,794
Less: Provision for bad debts	1,579,349	1,263,306
	3,498,736	4,989,488
Dividends receivable	28,079	57,548
Total	3,526,815	5,047,036

Dividends receivable are the cash dividends declared but not yet received from the Group's associates and joint ventures. As of 31 December 2025, all such dividends receivable were in the Stage 1, and no provision for bad debt was made.

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(9) Other receivables(Cont'd)

(a) Other receivables analysed by ageing

	31 December 2025	31 December 2024
Within 1 year	2,219,816	2,571,079
1 to 2 years	373,414	310,016
2 to 3 years	288,718	1,018,686
3 to 4 years	853,256	559,940
4 to 5 years	489,264	462,837
Over 5 years	853,617	1,330,236
Total	5,078,085	6,252,794

(b) Other receivables analysed by nature

	31 December 2025	31 December 2024
Receivables from third parties	3,324,827	4,264,094
Receivables from related parties	767,530	1,088,943
Receivables for guarantee deposits and security deposits	479,427	482,765
Receivables for land expropriation compensation and land use right deposits	263,200	211,988
Receivables for tax refunds	243,101	205,004
Total	5,078,085	6,252,794

(c) Provision for bad debts

For the year ended 31 December 2025	Book balance		Provision for bad debts		Net book value
	Amount	Proportion (%)	Amount	ECL rates (%)	
Bad debts provision recognised on the individual basis	1,591,378	31	1,324,914	83	266,464
Bad debts provision recognised based on the grouping of credit risk characteristics	3,486,707	69	254,435	7	3,232,272
Total	5,078,085	100	1,579,349		3,498,736

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(9) Other receivables(Cont'd)

(c) Provision for bad debts(Cont'd)

For the year ended 31 December 2024	Book balance		Provision for bad debts		Net book value
	Amount	Proportion (%)	Amount	ECL rates (%)	
Bad debts provision recognised on the individual basis	1,959,881	31	1,008,413	51	951,468
Bad debts provision recognised based on the grouping of credit risk characteristics	4,292,913	69	254,893	6	4,038,020
Total	6,252,794	100	1,263,306		4,989,488

As at 31 December 2025, other receivables with provision for bad debts made on the individual basis were analysed as follows:

	31 December 2025			Reason
	Book balance	Provision for bad debts	ECL rates(%)	
Other receivables 1	489,763	489,763	100	(a)
Other receivables 2	281,906	70,000	25	(a)
Other receivables 3	253,778	253,778	100	(a)
Others	565,931	511,373	90	(b)
Total	1,591,378	1,324,914		

- (a) Expected to be partially uncollectible after considering the creditworthiness of the debtor and related credit enhancements.
- (b) Expected to be partially or fully uncollectible.

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(9) Other receivables (Cont'd)

(c) Provision for bad debts (Cont'd)

As at 31 December 2025, other receivables with provision for bad debts made on the grouping basis were analysed as follows:

Other receivables with provision for bad debts made on the grouping basis were in the Stage 1, mainly including deposits and guarantees, employee reserve fund, and other receivables. The Group calculated the expected credit losses by referring to historical credit loss experience, the current situation and forecasts of future economic conditions, taking into account the exposure at default and the expected credit loss rate within the next 12 months or over the entire life cycle. As at 31 December 2025, the book balance of the above-mentioned other receivables was RMB 3,486,707 thousand (31 December 2024: RMB 4,292,913 thousand), and the provision for bad debt was RMB 254,435 thousand (31 December 2024: RMB 254,893 thousand).

Movements in provision for bad debts of other receivables were as follows:

	Opening balance	Provision	Reversal	Changes in the scope of consolidation	Write-off	Other transfer in/ (out)	Closing balance
Provision for bad debts on the individual basis	1,008,413	327,559	(74,615)	-	(5)	63,562	1,324,914
Provision for bad debts on the grouping basis	254,893	43,027	(43,485)	-	-	-	254,435
Total	1,263,306	370,586	(118,100)	-	(5)	63,562	1,579,349

(d) Other receivables from top five debtors in respect of outstanding balance

	Balance	proportion of the total balance of other receivables(%)	Nature	Ageing	Closing balance of provision for bad debts
Shanghai Zhengshun Electric Co., Ltd.	489,763	10	Purchase deposits	Over 3 years	489,763
Huaxin Resources Co., Ltd.	293,624	6	Performance bond and interest	Over 3 years	-
Shenzhen Benfu Trading Import and Export Co., Ltd.	281,906	6	Purchase deposits	Over 3 years	70,000
Tianjin Qingyuan Water Treatment Technology Co., Ltd.	253,778	5	Intercompany lending and payments made under guarantees	Over 3 years	253,778
Shanghai Jing'an District Land Reserve Centre	180,768	3	Receivables for land expropriation compensation	Over 3 years	-
Total	1,499,839	30			813,541

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(10) Financial assets purchased under resale agreements

	31 December 2025	31 December 2024
Classification of amounts under resale agreements by collaterals:		
- Corporate bonds	2,440,508	2,741,878
- Treasury bonds	144,593	163,228
	2,585,101	2,905,106

The Group considers the credit impairment risk of financial assets purchased under resale agreements to be low and in Stage 1, so no significant credit impairment loss has been recorded.

(11) Inventories

(a) Inventories are summarised by categories

	31 December 2025			31 December 2024		
	Book balance	Provision for decline in the value of inventories	Net book value	Book balance	Provision for decline in the value of inventories	Net book value
Materials in transit	61,476	-	61,476	27,464	-	27,464
Raw materials	7,627,741	847,049	6,780,692	5,665,752	819,702	4,846,050
Self-produced semi-finished goods	726,430	90,160	636,270	683,362	95,019	588,343
Work in progress	29,828,597	1,094,405	28,734,192	19,435,366	1,039,814	18,395,552
Goods in stock	13,610,481	3,019,558	10,590,923	13,219,779	2,958,142	10,261,637
Repair accessories	420,384	-	420,384	353,771	-	353,771
Low-value consumables	21,276	356	20,920	33,057	281	32,776
Others	51,494	-	51,494	44,182	-	44,182
	52,347,879	5,051,528	47,296,351	39,462,733	4,912,958	34,549,775

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(11) Inventories(Cont'd)

(b) Provision for decline in the value of inventories

	31 December 2024	Increase in the current year	Decrease in the current year		Decrease due to disposal of subsidiaries	Differences on translation of foreign currency financial statements	31 December 2025
			Reversal	Write-off			
Raw materials	819,702	177,810	(112,540)	(24,192)	(19,679)	5,948	847,049
Self-produced semi- finished goods	95,019	3,204	(6,422)	(1,641)	-	-	90,160
Work in progress	1,039,814	661,231	(186,020)	(421,804)	(454)	1,638	1,094,405
Goods in stock	2,958,142	535,679	(131,999)	(347,115)	-	4,851	3,019,558
Low-value consumables	281	76	(1)	-	-	-	356
	4,912,958	1,378,000	(436,982)	(794,752)	(20,133)	12,437	5,051,528

The net realisable value of the Group's inventory is determined based on estimated selling price less the estimated costs to completion, contract fulfilling costs and estimated selling expenses and related taxes and expenses. The reversal of provision for decline in the value of inventories in the current period is due to the rising product price, and the write-off is due to the sales of inventories and usage in production in the current period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(12) Contract assets

(a) Contract assets

	31 December 2025	31 December 2024
Contract assets	39,176,399	37,248,108
Less: Provision for impairment of contract assets	1,435,501	1,603,904
Net book value of contract assets	37,740,898	35,644,204
Less: Contract assets included in other non-current assets (Note 5 (30))	15,393,517	14,369,065
Total	22,347,381	21,275,139

(b) Disclosure by methods of provision for impairment of contract assets

For the year ended 31 December 2025	Book balance		Impairment provision		Net book value
	Amount	Proportion(%)	Amount	ECL rates (%)	
Impairment provision recognised on the individual basis	978,515	2	845,197	86	133,318
Impairment provision recognised based on the grouping of credit risk characteristics	38,197,884	98	590,304	2	37,607,580
Total	39,176,399	100	1,435,501		37,740,898

For the year ended 31 December 2024	Book balance		Impairment provision		Net book value
	Amount	Proportion(%)	Amount	ECL rates (%)	
Impairment provision recognised on the individual basis	1,092,688	3	805,112	74	287,576
Impairment provision recognised based on the grouping of credit risk characteristics	36,155,420	97	798,792	2	35,356,628
Total	37,248,108	100	1,603,904		35,644,204

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(12) Contract assets (Cont'd)

(b) Disclosure by methods of provision for impairment of contract assets(Cont'd)

Contract assets with provision for impairment made on the individual basis were analysed as follows:

For contract assets, the Group measures the loss provision based on the lifetime ECL regardless of whether there exists a significant financing component. The Group's contract assets with provision for impairment made on the individual basis were analysed as follows:

	For the year ended 31 December 2025			
	Book balance	Provision for impairment	Lifetime ECL rate	Reason for provision
Contract assets No.1	165,387	165,387	100%	(i)
Contract assets No.2	153,579	119,300	78%	(i)
Contract assets No.3	127,427	102,916	81%	(ii)
Contract assets No.4	103,874	54,106	52%	(i)
Others	428,248	403,488	5%-100%	(i) (iii)
Total	978,515	845,197		

	For the year ended 31 December 2024			
	Book balance	Provision for impairment	Lifetime ECL rate	Reason for provision
Contract assets No.1	302,694	102,916	34%	(ii)
Contract assets No.2	164,845	164,845	100%	(i)
Contract assets No.3	157,067	122,009	78%	(i)
Contract assets No.4	59,994	53,977	90%	(iii)
Others	408,088	361,365	6%-100%	(i)
Total	1,092,688	805,112		

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(12) Contract assets (Cont'd)

(b) Disclosure by methods of provision for impairment of contract assets (Cont'd)

- (i) Due to the counterparty's financial distress, the receivables are estimated to be partially or fully uncollectible.
- (ii) Overseas construction disputes.
- (iii) As at 31 December 2025, the Group's contract assets relating to different subsidiaries within a third party group represented RMB 3,388 thousand (31 December 2024: RMB 59,994 thousand). The Group evaluated the distribution of expected cash flows under different scenarios based on historical recoverability, operating model, current situations and forecasts of future conditions of subsidiaries within the third party group under different conditions, and made corresponding provision for ECL of RMB 2,118 thousand according to ECL rate and the related probability weight under different scenarios (31 December 2024: RMB 53,977 thousand).

As at 31 December 2025, contract assets with provision for impairment made on the grouping basis were analysed as follows:

31 December 2025	Book balance	Provision for impairment	ECL rate
Not overdue	38,197,884	590,304	2%

31 December 2024	Book balance	Provision for impairment	ECL rate
Not overdue	36,155,420	798,792	2%

(13) Current portion of non-current assets

	31 December 2025	31 December 2024
Current portion of long-term receivables (Note 5(18))	1,159,560	1,442,014
Loans and advances to customers (Note 5(18))	990,873	-
Others	-	109,030
Total	2,150,433	1,551,044

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(14) Other current assets

	Note	31 December 2025	31 December 2024
Loans due within 1 year	(a)	1,773,602	1,753,732
Debt investments measured at amortised cost	(b)	-	9,583,703
Debt investments at fair value through other comprehensive income	(c)	19,823,042	3,649,157
Input VAT to be offset		3,775,043	3,213,629
Prepaid income tax		186,713	151,067
Others		385,803	505,790
Total		25,944,203	18,857,078

(a) Loans due within 1 year

	31 December 2025			31 December 2024		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Loans	1,870,500	96,898	1,773,602	1,829,100	75,368	1,753,732

Loans mainly represent those provided by the Finance Company to related parties within Electric Holdings.

As at 31 December 2025, there were no shareholders who held over 5% (inclusive) voting rights in the Company in the balance of loans due within 1 year (31 December 2024: Nil). The Group's balance of loans from other related parties is stated in Note 10(7).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(14) Other current assets(Cont'd)

(a) Loans due within 1 year(Cont'd)

Movement in the provision for impairment of loans is as follows:

	For the year ended 31 December 2025
Opening balance	75,368
Provision in the current year	21,530
Closing balance	96,898

Analysis on loans by guarantee is as follows:

	31 December 2025	31 December 2024
Guaranteed loans	1,870,500	1,829,100

As at 31 December 2025, the loans due within one year were guaranteed loans, with Electric Holdings acting as the guarantor.

Movement in the provision for impairment of loans is as follows:

	Stage 1		Stage 2		Stage 3	
	12-month ECL		Lifetime ECL		Lifetime ECL (credit impaired)	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Opening balance	1,457,100	49,257	372,000	26,111	-	-
Net (decrease)/ increase in the current year	(5,685)	(1,455)	47,085	22,985	-	-
Net transfer in the current year	-	-	-	-	-	-
Closing balance	1,451,415	47,802	419,085	49,096	-	-

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(14) Other current assets (Cont'd)

(b) Debt investments measured at amortised cost

The debt investment measured at amortised cost are interbank deposits held for the collection of contractual cash flows. As these interbank deposits offer a higher yield to maturity, management intends to hold them to maturity.

(c) Debt investments at fair value through other comprehensive income

	31 December 2025	31 December 2024
Interbank deposits	19,823,042	3,649,157

Other debt investments are interbank certificates of deposit measured at fair value through other comprehensive income. Such interbank certificates of deposit are highly liquid in the market, the group's business model for managing such financial assets has the objective of both collecting contractual cash flows and selling the financial assets.

The Group considered the risk of credit impairment on interbank certificates of deposit measured at fair value through other comprehensive income to be low, all of which were in Stage 1. Thus, no significant provision for credit losses was made.

As at 31 December 2025, the Group has no proceeds from financial assets sold under repurchase agreements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(15) Loans and advances to customers

	31 December 2025			31 December 2024		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Loans and advances to customers	9,956,031	256,634	9,699,397	9,035,285	340,287	8,694,998
Less: Loans due within 1 year (Note 5 (13))	1,024,330	33,457	990,873	-	-	-
	<u>8,931,701</u>	<u>223,177</u>	<u>8,708,524</u>	<u>9,035,285</u>	<u>340,287</u>	<u>8,694,998</u>

Loans and advances to customers are loans provided by the Finance Company to related parties within Electric Holdings. The Group's balance of loans from other related parties is stated in Note 10.

Movement in the provision for impairment of loans and advances (including the current portion) is as follows:

	2025
Opening balance	340,287
Reversal	<u>(83,653)</u>
Closing balance	<u>256,634</u>

Loans and advances (including the current portion) are analysed based on guarantee method:

	31 December 2025	31 December 2024
Credit loans	7,597,501	3,861,750
Guaranteed loans	<u>2,358,530</u>	<u>5,173,535</u>
Total	<u>9,956,031</u>	<u>9,035,285</u>

Movement in the provision for impairment of loans and advances (including the current portion) is as follows:

	Stage 1		Stage 2		Stage 3	
	12-month ECL		Lifetime ECL		Lifetime ECL (Credit impaired)	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Opening balance	6,287,610	147,426	2,747,675	192,861	-	-
Net increase / (decrease) in the current year	<u>3,668,421</u>	<u>109,208</u>	<u>(2,747,675)</u>	<u>(192,861)</u>	-	-
Closing balance	<u>9,956,031</u>	<u>256,634</u>	-	-	-	-

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(16) Debt investments

(a) Status of debt movements

	31 December 2025	31 December 2024
Treasury bonds	152,040	152,331

(b) Significant debt investment

2025	Par value	Nominal interest rate	Effective interest rate	Maturity date
21 treasury bonds with interest payable	150,000	2.89%	2.67%	18 November 2031

As at 31 December 2025, the treasury bonds held by the Group have a low default risk. The Group considers them financial instruments with low credit risk and has not recognised significant credit impairment losses.

In 2025, the Group did not write off debt investments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(17) Other debt investments

	31 December 2025	31 December 2024
Investments in debt instruments - Interbank deposits and bonds	21,084,004	4,017,588
Including:		
- Costs	21,052,818	3,999,576
- Accumulated changes in fair value	31,186	18,012
Less: Other debt investments presented in other current assets (Note 5 (14))	19,823,042	3,649,157
	<u>1,260,962</u>	<u>368,431</u>

As at 31 December 2025, the Group considers that these debt instrument investments have a very low credit impairment risk and has not recognised significant expected credit losses.

The Group's debt instrument investments primarily consist of bonds and negotiable certificates of deposit. Management classifies these investments as financial assets measured at fair value with changes recognised in other comprehensive income, based on their intention to either collect contract cash flows or sell the financial assets, depending on market conditions.

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(18) Long-term receivables

(a) Status of long-term receivables

	31 December 2025			31 December 2024		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Finance lease and sale-leaseback receivables	3,544,345	2,028,489	1,515,856	4,164,577	1,735,108	2,429,469
Loans receivable from related parties (Note 10 (6))	1,897,204	762,959	1,134,245	1,824,821	604,617	1,220,204
Others	291,484	26,800	264,684	170,680	45,716	124,964
	5,733,033	2,818,248	2,914,785	6,160,078	2,385,441	3,774,637
Less: Current portion of long-term receivables	2,611,723	1,452,163	1,159,560	2,745,934	1,303,920	1,442,014
Total	3,121,310	1,366,085	1,755,225	3,414,144	1,081,521	2,332,623

Finance lease and sale-leaseback receivables

	31 December 2025	31 December 2024
Finance lease receivables	3,310,552	3,835,591
Less: Unrealised financing income	823,858	848,263
Balance of finance lease receivables	2,486,694	2,987,328
Receivables for sale-leaseback	1,057,651	1,177,249
Finance lease and sale-leaseback receivables - net	3,544,345	4,164,577
Less: Provision for bad debts	2,028,489	1,735,108
Net value of finance lease and sale-leaseback receivables	1,515,856	2,429,469
Less: Current portion of finance lease and sale-leaseback receivables	1,032,338	1,424,936
Total	483,518	1,004,533

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(18) Long-term receivables (Cont'd)

(a) Status of long-term receivables (Cont'd)

The maturity dates of finance lease receivables are analysed below:

	31 December 2025	31 December 2024
Within 1 year	1,600,582	1,821,197
1 to 2 years	524,625	564,677
2 to 3 years	383,313	483,474
Over 3 years	802,032	966,243
Total	<u>3,310,552</u>	<u>3,835,591</u>

(b) Status of provision for bad debts

Movements in the provision for bad debts of long-term receivables (including the current portion) are as follows:

	31 December 2024	Increase in the current year	Decrease in the current year	31 December 2025
Provision for bad debts	2,385,441	507,476	(74,669)	<u>2,818,248</u>

Movements in the loss provision of finance lease and sale-leaseback receivables (including the current portion)

	Stage 1		Stage 2		Stage 3	
	12-month ECL		Lifetime ECL		Lifetime ECL	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Book balance	Provision for bad debts
31 December 2024	397,947	5,414	800,971	69,632	2,965,659	1,660,062
Net increase/(decrease) in the current year	157,646	9,741	(354,795)	(28,919)	(423,083)	(93,436)
Transfer in the current year	(495,117)	(11,293)	485,513	10,937	9,604	356
Transfer from Stage 1 to Stage 2	(488,352)	(11,179)	488,352	11,179	-	-
Transfer from Stage 1 to Stage 3	(7,419)	(170)	-	-	7,419	170
Transfer from Stage 2 to Stage 1	654	56	(654)	(56)	-	-
Transfer from Stage 2 to Stage 3	-	-	(2,185)	(186)	2,185	186
Increase/(decrease) in provision (Note 1)	-	(3,169)	-	(2,941)	-	412,105
31 December 2025	<u>60,476</u>	<u>693</u>	<u>931,689</u>	<u>48,709</u>	<u>2,552,180</u>	<u>1,979,087</u>

Note 1: The item mainly includes the probability of default caused by the regular update of the model parameters, the default exposure, the change of the default loss rate and the impact of the phase change on the measurement of ECL.

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(18) Long-term receivables (Cont'd)

(b) Status of provision for bad debts (Cont'd)

(i) The provision for bad debts of finance lease and sale-leaseback receivables (including the current portion) in Stage 1 was analysed as below:

	31 December 2025			31 December 2024		
	Book balance	12-month ECL rates	Provision for bad debts	Book balance	12-month ECL rates	Provision for bad debts
Provision on grouping basis:						
Finance lease and sale-leaseback receivables	60,476	0.3%-3%	693	397,947	0.1%-3%	5,414

(ii) The provision for bad debts of finance lease and sale-leaseback receivables (including the current portion) in Stage 2 was analysed as below:

	31 December 2025			31 December 2024		
	Book balance	Lifetime ECL rates	Provision for bad debts	Book balance	Lifetime ECL rates	Provision for bad debts
Provision on grouping basis:						
Finance lease and sale-leaseback receivables	931,689	1%-15%	48,709	800,971	4%-14%	69,632

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(18) Long-term receivables (Cont'd)

(b) Status of provision for bad debts (Cont'd)

(iii) As at 31 December 2025, the provision for bad debts of finance lease and sale-leaseback receivables (including the current portion) in Stage 3 was analysed as below:

	Book balance	Lifetime ECL rate	Provision for bad debts	Reason
Finance lease receivables 1	923,518	99%	914,823	Unrecoverable in full by estimation
Finance lease receivables 2	371,498	49%	181,170	Unrecoverable in full by estimation
Finance lease receivables 3	122,553	100%	122,553	Unrecoverable by estimation
Others	1,134,611	8%-100%	760,541	Unrecoverable in full by estimation
Total	2,552,180		1,979,087	

As at 31 December 2024, the provision for bad debts of finance lease and leaseback receivables (including the current portion) in Stage 3 was analysed as below:

	Book balance	Lifetime ECL rate	Provision for bad debts	Reason
Finance lease receivables 1	923,518	56%	515,288	Unrecoverable in full by estimation
Finance lease receivables 2	710,495	32%	227,013	Unrecoverable in full by estimation
Finance lease receivables 3	125,208	100%	125,208	Unrecoverable by estimation
Others	1,206,438	17%-100%	792,553	Unrecoverable in full by estimation
Total	2,965,659		1,660,062	

As at 31 December 2025 and 31 December 2024, the Group did not enter into long-term receivables factoring contracts with recourse to obtain bank borrowings.

(19) Long-term equity investments

	31 December 2025	31 December 2024
Joint ventures (a)(i)	4,844,445	5,013,188
Associates (b)(ii)	10,330,928	9,315,151
	15,175,373	14,328,339
Less: Provision for impairment of long-term equity investments	511,067	511,701
Total	14,664,306	13,816,638

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(19) Long-term equity investments (Cont'd)

(a) Status of long-term equity investments

	Movements in the current year									31 December 2025	Shareholding (%)	Closing balance of impairment allowance
	31 December 2024	Opening balance of impairment allowance	Additional investment/ (Reduction in investment)	Share of net profit/ (loss) under equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends or declared	Provision for impairment	Others			
(a) Joint ventures												
Shanghai Fanuc Robotics Co., Ltd.	2,729,124	-	-	332,334	-	-	(160,973)	-	-	2,900,485	50.00	-
Shanghai Yun Zhong Xin Enterprise Development Co., Ltd. (i)	621,055	-	38,500	(54,925)	-	-	-	-	-	604,630	55.00	-
Shanghai Fanuc Intelligent Machines Co., Ltd.	548,778	-	-	137,552	-	-	(74,153)	-	-	612,177	49.00	-
Shanghai Yun Hong Enterprise Development Co., Ltd.	297,000	-	-	-	-	-	-	-	-	297,000	45.00	-
Shanghai Yun Hui Enterprise Development Co., Ltd. (i)	220,768	-	-	(138)	-	-	-	-	-	220,630	60.00	-
Others	596,463	-	60,000	(62,227)	-	-	(250)	-	(384,463)	209,523		-
Subtotal	5,013,188	-	98,500	352,596	-	-	(235,376)	-	(384,463)	4,844,445		-

Please refer to Note 7(2) for information related to equity in joint ventures.

- (i) Shanghai Electric Group Property Company Limited, one of the subsidiaries of the Group, holds 55% of the shares in Shanghai Yun Zhong Xin Enterprise Development Co., Ltd. and 60% of the shares in Shanghai Yunhui Enterprise Development Co., Ltd. According to the articles of association of Shanghai Yun Zhong Xin Enterprise Development Co., Ltd. and Shanghai Yunhui Enterprise Development Co., Ltd., their major financial and business decisions are subject to the unanimous approval of all shareholders. Therefore, they are accounted for as joint ventures.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(19) Long-term equity investments (Cont'd)

(a) Status of long-term equity investments (Cont'd)

	31 December 2024	Movements in the current year								31 December 2025	Shareholding (%)	Year-end impairment allowance	
		Opening balance of impairment allowance	Increase in investments	Decrease in investments	Share of net profit/(loss) under equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends or profits declared	Provision for impairment				Others
(b) Associates													
Shanghai Mitsubishi Electric Shangling Air Conditioner Electric Co., Ltd.	664,014	-	-	-	1,803	-	-	(6,574)	-	-	659,243	47.60	-
Ideal Wanlihui Semiconductor Equipment (Shanghai) Co., Ltd (i)	586,041	-	-	-	(24,001)	-	-	-	-	-	562,040	12.00	-
Shanghai Rail Traffic Equipment Development Co., Ltd.	590,293	-	-	-	12,280	-	-	-	-	-	602,573	49.00	-
Shanghai Jintai Engineering Machinery Co., Ltd.	570,101	-	-	-	3,738	-	-	(5,487)	-	-	568,352	49.00	-
Mitsubishi Electric Shanghai Mechanical & Electrical Elevator Co., Ltd.	496,862	-	-	-	20,674	-	-	(19,698)	-	-	497,838	40.00	-
Shanghai Yileng Carrier Air Conditioning Equipment Co., Ltd.	468,769	-	-	-	162,613	-	-	(109,500)	-	-	521,882	30.00	-
Haitong UniFortune International Leasing Co., Ltd. (ii)	379,917	25,722	-	-	24,249	-	-	(12,234)	-	(9,362)	382,570	2.03	25,088
Shanghai Ri Yong – JEA Gate Electric Co., Ltd.	262,794	-	-	-	15,477	-	-	(32,143)	-	-	246,128	30.00	-
Shanghai Zhangjiang Science and Technology Petty Loan Co., Ltd.	233,673	-	-	-	9,923	-	-	(13,110)	-	-	230,486	23.75	-
Siemens High Voltage Switchgear Co., Ltd. Shanghai	215,993	-	-	-	395,013	-	-	(137,753)	-	-	473,253	49.00	-
Shanghai Siemens Switchgear Co., Ltd.	200,022	-	-	-	114,925	-	-	(109,587)	-	-	205,360	45.00	-
Nanjing Panneng Power Technology Co., Ltd.	161,877	-	-	-	8,052	-	-	(12,500)	-	-	157,429	25.00	-
Nabtesco (China) Precision Machine Co., Ltd.	163,713	-	-	-	17,578	-	-	(13,424)	-	-	167,867	33.00	-
Shanghai Nabtesco Hydraulic Co., Ltd	148,620	-	-	-	28,668	-	-	(48,174)	-	-	129,114	30.00	-
SEC Alstom (Shanghai Baoshan) Transformers Co., Ltd.	139,429	-	-	(98,730)	851	-	-	-	-	-	41,550	50.00	-

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(19) Long-term equity investments (Cont'd)

(a) Status of long-term equity investments (Cont'd)

	31 December 2024	Movements in the current year								31 December 2025	Shareholding (%)	Year-end impairment allowance	
		Opening balance of impairment allowance	Increase in investments	Decrease in investments	Share of net profit/(loss) under equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends or profits declared	Provision for impairment				Others
(b) Associates(Cont'd)													
KSB Shanghai Pumps Co., Ltd.	131,483	-	-	-	16,460	-	-	(19,177)	-	-	128,766	20.00	-
Legend Electric (Shenyang) Co., Ltd.	175,750	-	-	-	130,726	-	-	(89,950)	-	-	216,526	35.00	-
Shanghai Danfoss Hydrostatic Transmission Co., Ltd.	114,202	-	-	-	18,639	-	-	(23,080)	-	-	109,761	40.00	-
Shanghai Voith Hydropower Equipment Co., Ltd.	116,663	-	-	-	16,616	-	-	(10,101)	-	-	123,178	20.00	-
Shanghai Linxuan Enterprise Development Co., Ltd.	98,023	-	-	-	(220)	-	-	-	-	-	97,803	49.00	-
Zhongfu Lianzhong Wind Power Technology Co., Ltd.	80,737	-	-	-	(536)	-	-	-	-	-	80,201	40.00	-
Shanghai Marathon Innovation Electric Co., Ltd.	77,362	-	-	-	24,309	-	-	-	-	-	101,671	45.00	-
Shanghai ABB Motor Co., Ltd.	106,836	-	-	-	50,134	-	-	(46,938)	-	-	110,032	25.00	-
Shanghai Schneider Power Distribution Electrical Apparatus Co., Ltd.	72,209	-	-	-	92,034	-	-	(101,619)	-	-	62,624	20.00	-
Shanghai Clyde Bergemann Machinery Co., Ltd.	77,928	-	-	-	15,573	-	-	(8,305)	-	-	85,196	30.00	-
Shanghai Hitachi Energy Power Transformer Co., Ltd.	63,985	-	-	-	15,815	-	-	(15,116)	-	-	64,684	49.00	-
Shanghai Schneider Industrial Control Co., Ltd.	43,355	-	-	-	33,504	-	-	(42,059)	-	-	34,800	20.00	-
Shanghai Nata New Material Technology Co., Ltd.	53,804	-	23,750	-	(1,599)	-	-	-	-	-	75,955	20.00	-
Suzhou Thwow Technology Co., Ltd.(iii)	-	-	428,040	-	8,601	-	-	-	-	-	436,641	13.51	-
Others	2,308,995	485,979	115,912	(41,731)	204,370	-	-	(269,435)	-	328,227	2,646,338		485,979
Subtotal	8,803,450	511,701	567,702	(140,461)	1,416,269	-	-	(1,145,964)	-	318,865	9,819,861		511,067
Total	13,816,638	511,701	666,202	(140,461)	1,768,865	-	-	(1,381,340)	-	(65,598)	14,664,306		511,067

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(19) Long-term equity investments (Cont'd)

(a) Status of long-term equity investments (Cont'd)

Please refer to Note 7(2) for related information on interests in associates.

- (i) Shanghai Electric Group Automation Engineering Co., Ltd., a subsidiary of the Group, holds 12.00% of shares in Ideal Wanlihui Semiconductor Equipment (Shanghai) Co., Ltd. The Group has the right to appoint directors to exert significant influence on the company, so it is accounted for as an associate.
- (ii) Shanghai Electric Hong Kong Co., Ltd., a subsidiary of the Group, holds 2.03% of shares in Haitong UniFortune International Leasing Co., Ltd. The Group has appointed directors to exert significant influence on the company, so it is accounted for as an associate.
- (iii) The Company holds 13.51% of shares in Suzhou Thvow Technology Co., Ltd. The Company has appointed directors to exert significant influence on the entity, so it is accounted for as an associate.

(20) Other non-current financial assets

	31 December 2025	31 December 2024
Equity investments in unlisted companies (a)	3,220,886	5,038,660
Stock and fund investments (b)	1,339,098	795,582
Bond investments	1,286,098	601,174
Total	5,846,082	6,435,416

(a) The equity investments in unlisted companies held by the Group mainly include:

Company	31 December 2025	31 December 2024	Shareholding ratio	Cash dividends in the current year
Company 1	-	1,742,350	2.02%	9,718
Company 2	2,075,078	2,117,900	19.00%	241,300
Others	1,145,808	1,178,410		5,021
Total	3,220,886	5,038,660		256,039

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(20) Other non-current financial assets(Cont'd)

(b) The stocks and fund investments held by the Group mainly include:

Stock & fund	Total market capitalisation	31 December 2025	31 December 2024
Stock 1	91.393 billion	124,672	133,480
Stock 2	16.307 billion	56,358	45,840
Stock 3	143.511 billion	49,050	44,437
Stock 4	38.076 billion	21,049	25,666
Others		1,087,969	546,159
Total		1,339,098	795,582

The above stocks and fund investments are included in other non-current financial assets since the Group plans to hold them on long-term basis.

(21) Investment properties

The Group applies cost model to measure its investment properties:

	31 December 2024	Transfer from fixed assets	ransfer from intangible assets	Increase in the current year	Transfer to fixed assets	Disposal in the current year	31 December 2025
Cost	2,255,179	28,904	27,491	-	(15,104)	(25,117)	2,271,353
Accumulated depreciation	1,211,737	12,648	14,402	94,808	(2,299)	(11,253)	1,320,043
Provision for impairment	273	-	-	25,700	-	-	25,973
Net book value	1,043,169						925,337

As at 31 December 2025, the carrying amounts of investment properties leased to associates and third parties were RMB 24,285 thousand and RMB 901,052 thousand, respectively. They are mainly used for their production and operation, and the Group conducts daily maintenance and management of the investment properties.

All the investment properties mentioned above are located within the People's Republic of China and are utilized for operational commercial leasing. The property rights certificates for the Group's investment properties have terms ranging from 20 to 70 years and are suitable for medium- to long-term leasing.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(22) Fixed assets

As at 31 December 2025, the Group's fixed assets were buildings, machinery and equipment, motor vehicles, and office equipment and others.

	Buildings	Machinery and equipment	Motor vehicles	Office equipment and others	Total
Cost					
31 December 2024	18,795,758	22,002,432	471,524	2,361,547	43,631,261
Purchase	356,406	550,848	14,371	400,894	1,322,519
Transfer from construction in progress	472,259	2,993,260	10,485	157,857	3,633,861
Transfer from investment properties	15,104	-	-	-	15,104
Disposal and retirement	(208,694)	(503,096)	(27,318)	(92,052)	(831,160)
Decrease due to disposal of subsidiaries	-	(147,582)	(3,215)	(6,794)	(157,591)
Transfer to investment properties	(28,904)	-	-	-	(28,904)
Differences on translation of foreign currency financial statements	46,716	151,705	899	41,720	241,040
31 December 2025	19,448,645	25,047,567	466,746	2,863,172	47,826,130
Accumulated depreciation					
31 December 2024	6,487,106	13,617,195	379,091	1,589,917	22,073,309
Provision	700,620	1,114,156	21,472	208,965	2,045,213
Transfer from investment properties	2,299	-	-	-	2,299
Disposal and retirement	(84,667)	(429,966)	(24,668)	(84,172)	(623,473)
Decrease due to disposal of subsidiaries	-	(45,169)	(3,064)	(6,065)	(54,298)
Transfer to investment properties	(12,648)	-	-	-	(12,648)
Differences on translation of foreign currency financial statements	25,222	97,442	681	33,535	156,880
31 December 2025	7,117,932	14,353,658	373,512	1,742,180	23,587,282
Provision for impairment					
31 December 2024	481,900	178,095	523	801	661,319
Provision	104,238	203,425	5	193	307,861
Disposal and retirement	-	(65,895)	(251)	(430)	(66,576)
Decrease due to disposal of subsidiaries	-	(690)	-	(37)	(727)
31 December 2025	586,138	314,935	277	527	901,877
Carrying amount					
31 December 2025	11,744,575	10,378,974	92,957	1,120,465	23,336,971
31 December 2024	11,826,752	8,207,142	91,910	770,829	20,896,633

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(22) Fixed assets (Cont'd)

As at 31 December 2025, the Group pledged fixed assets with a carrying amount of RMB 1,770,606 thousand as collateral for long-term borrowings (31 December 2024: RMB 664,318 thousand) (Note 5 (44)).

As at December 31, 2025, the book value of buildings without completed property ownership certificates amounted to RMB 1,135,684 thousand (31 December, 2024: RMB 1,183,815 thousand). The Group is in the process of completing the relevant title registration procedures. Management believes there are no substantial legal obstacles to obtaining the property certificates for the aforementioned assets. The Group has the legal right to legitimately and effectively possess, utilize, or dispose of these fixed assets, and such matters will have no material adverse impact on the Group's operations.

As at 31 December 2025, the Group had no significant fixed assets leased out through operating leases.

(23) Construction in progress

(a) Status of construction in progress

	31 December 2025			31 December 2024		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Jinsha River Branch Road No. 200 Project	1,451,732	-	1,451,732	972,531	-	972,531
Gaotai Shangdian Wind Power Project	-	-	-	930,414	-	930,414
Others	4,025,480	27,351	3,998,129	1,942,880	68,126	1,874,754
Total	5,477,212	27,351	5,449,861	3,845,825	68,126	3,777,699

As at 31 December 2025, the Group pledged construction in progress with a carrying amount of RMB 1,313,455 thousand as collateral for long-term borrowings (31 December 2024: Nil) (Note 5 (44)).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(23) Construction in progress(Cont'd)

(b) Movements in construction in progress

Project name	31 December 2024	Increase in the current year	Transfer to fixed assets in the current year	Decrease due to disposal of subsidiaries	Differences on translation of foreign currency financial statements	31 December 2025
Jinsha River Branch Road No. 200 Project	972,531	479,201	-	-	-	1,451,732
Gaotai Shangdian Wind Power Project	930,414	14,295	(944,709)	-	-	-
Others	1,942,880	4,853,731	(2,689,152)	(90,952)	8,973	4,025,480
Total	3,845,825	5,347,227	(3,633,861)	(90,952)	8,973	5,477,212

(c) Budget of major construction in progress

Project name	Budget	Project investment as a proportion of budget(%)	Project progress (%)	Accumulated amount of capitalised borrowing costs	Including: Capitalised borrowing costs in the current year	Capitalised rate in the current year (%)	Source of funds
Jinsha River Branch Road No. 200 Project	2,612,870	56	56	59,417	30,447	2.50	Self-owned and financing

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(24) Right-of-use assets

	Buildings	Machinery and equipment	Motor vehicles	Computers and electronic equipment	Land use rights	Total
Cost						
Opening balance	2,398,332	482,323	95,931	21,714	90,838	3,089,138
Increase in the current year	1,257,246	9,284	11,594	1,821	72,469	1,352,414
Change of lease contracts	(301,319)	(412,912)	(25,893)	(11,750)	-	(751,874)
Differences on translation of foreign currency financial statements	58,601	10,971	8,600	1,836	-	80,008
Closing balance	3,412,860	89,666	90,232	13,621	163,307	3,769,686
Accumulated depreciation						
Opening balance	1,056,868	31,260	55,608	16,971	26,551	1,187,258
Provision	495,014	13,470	19,816	750	14,637	543,687
Change of lease contracts	(249,096)	(21,860)	(25,701)	(10,536)	-	(307,193)
Differences on translation of foreign currency financial statements	15,962	5,194	5,044	1,373	-	27,573
Closing balance	1,318,748	28,064	54,767	8,558	41,188	1,451,325
Provision for impairment						
Opening balance	11,842	-	-	-	-	11,842
Closing balance	11,842	-	-	-	-	11,842
Carrying amount						
At end of year	2,082,270	61,602	35,465	5,063	122,119	2,306,519
At beginning of year	1,329,622	451,063	40,323	4,743	64,287	1,890,038

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

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5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(25) Intangible assets

	Land use rights	Franchise	Patent and license	Technology transfer fee	Computer software and others	Total
Cost						
Opening balance	6,542,133	6,480,605	1,912,444	878,277	801,809	16,615,268
Purchase	142,198	5,487	19	104,662	132,193	384,559
Transfer from development expenditure	-	-	-	-	20,513	20,513
Disposal and retirement	(278,317)	(29,278)	-	-	(21,335)	(328,930)
Decrease due to disposal of subsidiaries	(27)	(836,410)	(526)	-	(5,294)	(842,257)
Transfer to investment property	(27,491)	-	-	-	-	(27,491)
Differences on translation of foreign currency financial statements	-	-	5,416	3,332	18,785	27,533
Closing balance	6,378,496	5,620,404	1,917,353	986,271	946,671	15,849,195
Accumulated amortisation						
Opening balance	1,613,825	864,090	746,360	740,832	517,399	4,482,506
Provision	197,412	223,410	23,146	75,116	42,322	561,406
Disposal and retirement	(61,289)	(14,082)	-	-	(18,642)	(94,013)
Decrease due to disposal of subsidiaries	(4)	(155,383)	(526)	-	(171)	(156,084)
Transfer to investment property	(14,402)	-	-	-	-	(14,402)
Differences on translation of foreign currency financial statements	-	-	2,102	2,823	12,714	17,639
Closing balance	1,735,542	918,035	771,082	818,771	553,622	4,797,052
Provision for impairment						
Opening balance	6,855	-	89,220	-	16,170	112,245
Provision	-	29,941	-	-	-	29,941
Decrease in disposal of subsidiaries	-	-	-	-	-	-
Closing balance	6,855	29,941	89,220	-	16,170	142,186
Carrying amount						
At end of year	4,636,099	4,672,428	1,057,051	167,500	376,879	10,909,957
At beginning of year	4,921,453	5,616,515	1,076,864	137,445	268,240	12,020,517

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(25) Intangible assets(Cont'd)

As at 31 December 2025, the Group pledged intangible assets with a carrying amount of RMB 19,680 thousand as collateral for short-term borrowings (31 December 2024: Nil) (Note 5 (32)) and the group pledged the intangible assets with a carrying amount of RMB 508,851 thousand as collateral for long-term borrowings (31 December 2024: RMB 1,082,716 thousand) (Note 5 (44)).

As at 31 December 2025, the Group had no land use rights of which a land use rights certificate was not obtained (31 December 2024: Nil).

As at 31 December 2025, intangible assets arising from internal research and development account for 0.10% of the intangible assets balance.

As at 31 December 2025, the original carrying amount of the data resources arising from the Group's own development amounted to RMB 231 thousand (31 December 2024: RMB 231 thousand), with accumulated amortisation of RMB 125 thousand (31 December 2024: RMB 10 thousand)

(26) Development expenditures

The movements of the Group's development expenditures qualifying for capitalisation in 2025 are analysed as follows:

	31 December 2024	Increase in the current year	Transfer to intangible assets	31 December 2025
Industrial Internet Platform for High-end Equipment Industry	4,274	-	(4,274)	-
Digital Energy & Carbon Intelligence Manager 2.0	4,085	6,656	-	10,741
Others	21,523	70,658	(16,239)	75,942
	<u>29,882</u>	<u>77,314</u>	<u>(20,513)</u>	<u>86,683</u>

As at 31 December 2025, the balance of the Group's development expenditures was RMB 86,683 thousand (31 December 2024: RMB 29,882 thousand). For the year ended 31 December 2025, the development expenditures of the Group were recognised as intangible assets of RMB 20,513 thousand (2024: RMB 31,167 thousand).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(27) Goodwill

(a) *The original value of goodwill*

	31 December 2024	Decrease in the current year	Differences on translation of foreign currency financial statements	31 December 2025
Shenzhen Yinghe Technology Co., Ltd.	1,497,236	-	-	1,497,236
Nedschroef	1,435,560	-	135,397	1,570,957
Broetje-Automation GmbH	1,050,798	-	99,108	1,149,906
Others	954,851	(93,486)	-	861,365
Total	4,938,445	(93,486)	234,505	5,079,464

(b) *Provision for impairment on goodwill*

	31 December 2024	Increase in the current year	Decrease in the current year	Differences on translation of foreign currency financial statements	31 December 2025
Broetje-Automation GmbH	607,049	-	-	57,255	664,304
Nedschroef	296,738	-	-	27,987	324,725
Shenzhen Yinghe Technology Co., Ltd.	253,997	-	-	-	253,997
Others	859,901	-	(93,486)	-	766,415
Total	2,017,685	-	(93,486)	85,242	2,009,441

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(27) Goodwill (Cont'd)

(b) Provision for impairment on goodwill(Cont'd)

For the year ended 31 December 2025, there has been no changes in asset groups or asset portfolios. The goodwill is summarised by operating segments (Note 14) as follows:

		31 December 2025		
Operating segment	Subdivision	Cost	Impairment	Net value
Industrial equipment	Industrial basic parts	1,642,034	352,955	1,289,079
	Intelligent manufacturing equipment	1,149,906	664,308	485,598
	Large and medium-sized motors	10,060	-	10,060
	Others	4,405	4,405	-
Energy equipment	Energy storage	1,546,716	303,476	1,243,240
	Power grid	100,133	100,133	-
	Wind Power	7,093	-	7,093
Integration service	Engineering and Service	579,697	579,697	-
	Industrial internet	30,736	4,467	26,269
	Power transmission and distribution engineering	7,651	-	7,651
	Property management services	1,033	-	1,033
Total		5,079,464	2,009,441	3,070,023

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(27) Goodwill (Cont'd)

(c) Impairment testing of goodwill

The main assumptions applied in calculating discounted future cash flows are as follows:

2025	Industrial Basic Parts	Intelligent manufacturing equipment	Engineering and Service
Growth rates in the forecast period	-6.00%-24.80%	-3.59%-0.37%	-
Growth rates in the stable period	1.50%-2.00%	1.30%	-
Gross margin	14.00%-50.00%	22.98%-24.05%	-
Pre-tax discount rates	10.06%-14.00%	14.10%	-

2024	Industrial Basic Parts	Intelligent manufacturing equipment	Engineering and Service
Growth rates in the forecast period	0%-66.00%	-3.82%-1.92%	2%-16%
Growth rates in the stable period	1.5%-2.0%	1.80%	-
Gross margin	15.46%-60.0%	20.5%-22.9%	37%-76%
Pre-tax discount rates	13.00%-14.0%	13.70%	11.40%

The Group determines revenue growth rate and gross profit margin based on historical experience and market development projections. The steady-state growth rate is the weighted average growth rate applied to cash flows from the Group's three-to-five-year budget forecasts, which does not exceed the long-term average growth rates for respective products as stated in industry reports. The discount rate is a pre-tax rate reflecting the specific risks associated with the relevant asset groups or portfolios.

Goodwill arising from merger of Yinghe Technology, which is in the operating segment of energy equipment, amounted to RMB 1,497,236 thousand. For the year ended 31 December 2025, while determining the recoverable amount of the asset group of Yinghe Technology, management estimated its fair value, net of disposal costs, based on adjusted Yinghe Technology's stock price. As at 31 December 2025, management conducted a goodwill impairment test for the asset group of Yinghe Technology, and concluded that there was no need to make provision for impairment of goodwill.

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(28) Long-term prepaid expenses

	Opening balance	Increase in the current year	Amortisation in the current year	Other decreases	Closing balance
Renovation expenditures	199,114	49,267	(56,426)	-	191,955
Decoration expenditures	105,495	131,347	(61,249)	(3,712)	171,881
Improvements to fixed assets held under leases	34,865	10,680	(4,544)	-	41,001
Others	133,930	151,146	(168,678)	(8,848)	107,550
Total	473,404	342,440	(290,897)	(12,560)	512,387

(29) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offsetting

	31 December 2025		31 December 2024	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Asset impairment and provisions	23,873,904	4,705,001	24,758,322	4,883,543
Accrued expenses	11,933,200	2,563,924	11,116,688	2,489,317
Deductible losses	7,889,322	1,388,758	8,349,527	1,579,052
Offsetting of profits from internal transactions	390,607	73,636	451,088	98,751
Others	323,240	51,085	412,219	55,709
Total	44,410,273	8,782,404	45,087,844	9,106,372

(b) Deferred tax liabilities before offsetting

	31 December 2025		31 December 2024	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of financial instruments	3,088,063	770,672	3,014,005	751,368
Assets assessment increment	253,499	63,374	289,145	72,286
Fair value adjustment for business combinations	755,230	195,144	848,427	212,106
Others	696,519	122,938	557,249	94,541
Total	4,793,311	1,152,128	4,708,826	1,130,301

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(29) Deferred tax assets and deferred tax liabilities(Cont'd)

(c) The net balances of deferred tax assets and deferred tax liabilities after offsetting

	2025		2024	
	Offset amount	Balance after offset	Offset amount	Balance after offset
Deferred tax assets	503,559	8,278,845	416,160	8,690,212
Deferred tax liabilities	503,559	648,569	416,160	714,141

(d) Details of unrecognised deferred tax assets

	31 December 2025	31 December 2024
Deductible temporary differences	21,578,492	19,276,052
Deductible losses	23,372,153	17,655,203
Total	44,950,645	36,931,255

(e) Analysis of the maturity profile of deductible losses that are not recognised as deferred tax assets

	31 December 2025	31 December 2024
2025	-	196,337
2026	1,039,865	1,067,034
2027	4,404,561	4,404,601
2028	5,169,677	5,169,694
2029	3,966,577	4,529,035
2030 and beyond	8,791,473	2,288,502
	23,372,153	17,655,203

Taxable temporary differences without recognising deferred tax liabilities

The Group expects that the amount of deferred tax liabilities related to the distribution of dividends by its overseas subsidiaries, joint ventures, and associates or disposal of long-term equity investments is not significant.

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(30) Other non-current assets

	31 December 2025			31 December 2024		
	Book Value	Provision for impairment	Net book value	Book Value	Provision for impairment	Net book value
Contract Assets	15,981,933	588,416	15,393,517	15,062,336	693,271	14,369,065
Others	1,606,340	-	1,606,340	804,391	-	804,391
Total	17,588,273	588,416	16,999,857	15,866,727	693,271	15,173,456

As at 31 December 2025, the contract assets of the Group mainly consisted of the undue quality guarantee deposit, including RMB 371,679 thousand of contract assets from PPP projects (31 December 2024: RMB 766,357 thousand).

In 2025, the Group's revenue from main operations included RMB 290,686 thousand in PPP project contract revenue (2024: RMB 494,144 thousand), of which there was no revenue attributable to engineering and construction services (2024: RMB 121,246 thousand). The Group's PPP contracts primarily consist of water treatment and waste treatment contracts. Under the terms of these contracts, the Group provides services including the construction of PPP project assets, post-completion operations, and maintenance, with total contract durations typically ranging from 20 to 30 years. The project assets of water treatment contract are primarily located in Jiangsu and Anhui provinces, while those of waste treatment contract are concentrated in Liaoning and Hebei provinces. No material modifications to PPP contracts occurred during 2025.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(31) Assets with limited ownership or use right

31 December 2025	Carrying amount	Type
Currency funds (Note 5(1))	5,198,728	Central bank reserves, margin, letters of credit, etc
Accounts receivable (Note 5(6))	1,444,727	Pledge
Fixed assets (Note 5(22))	1,770,606	Mortgage
Construction in progress (Note 5(23))	1,313,455	Mortgage
Intangible assets (Note 5(25))	528,531	Mortgage
Total	10,256,047	

31 December 2024	Carrying amount	Type
Currency funds (Note 5(1))	4,728,331	Central bank reserves, margin, letters of credit, etc
Accounts receivable (Note 5(6))	2,492,808	Pledge
Fixed assets (Note 5(22))	664,318	Mortgage
Intangible assets (Note 5(25))	1,082,716	Mortgage
Total	8,968,173	

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(32) Short-term borrowings

	31 December 2025	31 December 2024
Credit borrowings	9,829,102	9,130,344
Mortgage borrowings (Notes 5(25))	20,000	-
Pledged borrowings (a) (Notes 5(6))	41,000	105,000
Secured borrowings (b)	10,294	8,000
Discount borrowings (c)	152,949	304,883
Factoring borrowings	13,461	-
Total	<u>10,066,806</u>	<u>9,548,227</u>

- (a) As at 31 December 2025, the Group pledged the future collection rights with a carrying amount of RMB 10,034,092 thousand (31 December 2024: RMB 12,798,599 thousand) of several PPP projects and power generation projects to the bank to obtain short-term bank borrowings RMB 41,000 thousand (31 December 2024: Nil) and long-term bank borrowings of RMB 3,499,458 thousand (31 December 2024: RMB 3,063,277 thousand).
- (b) As at 31 December 2025, the Group provided guarantees of RMB 10,294 thousand for short-term borrowings of certain subsidiaries (31 December 2024: RMB 8,000 thousand).
- (c) As at 31 December 2025, the Group discounted trade acceptance notes of RMB 138,464 thousand and bank acceptance notes of RMB 13,976 thousand to obtain short-term bank borrowings of RMB 152,949 thousand (As at 31 December 2024, the Group discounted trade acceptance notes of RMB 301,857 thousand and bank acceptance notes of RMB 3,026 thousand to obtain short-term bank borrowings of RMB 304,883 thousand).

As at 31 December 2025, the annual interest rate for short-term borrowings ranged from 1.30% to 4.17% (31 December 2024: the annual interest rate ranged from 0.45% to 5.93%).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(33) Financial liabilities held for trading

	31 December 2025	31 December 2024
Financial liabilities held for trading	38,564	38,531

As at 31 December 2025, financial liabilities held for trading comprised the fair value of the equities held by investors other than the Group in the structured entities included in the consolidation scope.

(34) Notes payable

	31 December 2025	31 December 2024
Trade acceptance notes	9,369,871	6,339,713
Bank acceptance notes	7,332,910	8,784,367
	<u>16,702,781</u>	<u>15,124,080</u>

As at 31 December 2025, the Group had no notes payable overdue but unpaid (31 December 2024: Nil).

(35) Accounts payable

	31 December 2025	31 December 2024
Accounts payable	70,637,292	60,569,875

As at 31 December 2025, accounts payable with ageing over one year amounted to RMB 10,023,196 thousand (31 December 2024: RMB 9,862,544 thousand), which mainly comprised payables for construction projects and payables for materials. Such accounts are unsettled for the projects are still under construction.

The ageing of accounts payable based on their recording dates is analysed as follows:

	31 December 2025	31 December 2024
Within 3 months	46,242,745	40,259,618
3 months to 6 months	4,567,391	3,144,207
6 months to 1 year	9,803,960	7,303,506
1 to 2 years	3,920,194	4,092,796
2 to 3 years	1,741,891	2,053,740
Over 3 years	4,361,111	3,716,008
Total	<u>70,637,292</u>	<u>60,569,875</u>

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(36) Advances from customers

	31 December 2025	31 December 2024
Share advances and others	985,368	833,268

As at 31 December 2025, the advance from customers for more than one year mainly included the share advances of RMB 357,184 thousand (31 December 2024: RMB 366,201 thousand). Such share advances were not recognised as they had not been settled.

(37) Contract liabilities

	31 December 2025	31 December 2024
Advances from goods and services	69,045,340	57,928,502
Less: Non-current portion of contract liabilities included in other non-current liabilities	45,264	-
Total	69,000,076	57,928,502

The balance of contract liabilities as at 31 December 2024 was transferred to revenue in 2025. The balance of contract liabilities as at 31 December 2025 is expected to be transferred to revenue in 2026. The increase in contract liabilities is attributable to business expansion.

(38) Deposits from customers, banks and other financial institutions

	31 December 2025	31 December 2024
Current deposits	5,517,006	5,970,029
Time deposits	650,400	1,363,500
	6,167,406	7,333,529

(39) Employee benefits payable

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Short-term employee benefits(a)	5,113,969	12,658,822	(12,651,237)	5,121,554
Defined contribution plans(b)	90,578	1,664,149	(1,664,475)	90,252
Termination benefits(c)	51,862	29,349	(45,249)	35,962
Total	5,256,409	14,352,320	(14,360,961)	5,247,768

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(39) Employee benefits payable (Cont'd)

(a) Presentation of short-term employee benefits

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Wages or salaries, bonus, allowances and subsidies	3,829,884	11,088,670	(10,974,505)	3,944,049
Staff and workers' bonus and welfare fund	1,176,743	228,354	(326,461)	1,078,636
Social security contributions	18,237	601,362	(598,919)	20,680
Including: Medical insurance	16,905	556,171	(554,200)	18,876
Work injury insurance	982	39,026	(38,557)	1,451
Maternity insurance	350	6,165	(6,162)	353
Housing funds	33,884	579,642	(582,304)	31,222
Labour union funds and employee education funds	55,221	160,794	(169,048)	46,967
Total	5,113,969	12,658,822	(12,651,237)	5,121,554

(b) Defined contribution plans

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Basic pensions	42,346	1,160,272	(1,149,027)	53,591
Unemployment insurance	2,329	42,304	(41,503)	3,130
Supplementary pensions	45,903	461,573	(473,945)	33,531
Total	90,578	1,664,149	(1,664,475)	90,252

Monthly payments of premiums on the pension plans (including the basic pensions in the Chinese mainland and Mandatory Provident Fund (“MPF”) in Hong Kong) are made to relevant authorities and calculated according to the bases and percentages prescribed by the local authorities of Ministry of Human Resource and Social Security. Besides, the payments cannot be used to offset the amounts to be paid for employees by the Group in the future.

The Group also provides certain defined contribution plans (including the enterprise annuity plan in the Chinese mainland (the “Plan”) and the provident fund plan in Hong Kong) to some employees in and outside the Chinese mainland. The Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions. In 2025, under the Plan in the Chinese mainland, the total returned contributions (the amount contributed by the Group for employees who left such Plan prior to vesting fully in such Plan) to the corporate account of the Plan amounted to RMB 2,874 thousand (2024: RMB 1,713 thousand). Such returned contributions had no impact on and were not utilised by the Group to reduce the level of contributions for existing employees participating in the Plan. In 2025, the Group had no contributions not collected under the defined contribution plans excluding the Plan in the Chinese mainland. Except for the above plans, the Group had no other defined contribution plans.

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(39) Employee benefits payable (Cont'd)

(c) Termination benefits payable

	31 December 2025	31 December 2024
Termination benefits	35,962	51,862

(40) Taxes payable

	31 December 2025	31 December 2024
VAT payable	1,025,798	1,083,884
Enterprise income tax payable	1,382,441	1,187,918
Individual income tax payable	26,894	31,932
City maintenance and construction tax payable	51,019	46,356
Real estate tax payable	28,417	31,345
Land use tax payable	11,148	10,459
Others	80,108	81,872
Total	2,605,825	2,473,766

(41) Other payables

	31 December 2025	31 December 2024
Construction and fixed assets purchase expenses payable	1,279,585	1,160,822
Sales commission	966,328	1,045,984
Technical royalties	351,741	451,615
Guarantees and deposits	370,912	366,945
Service fee	392,934	270,452
Maintenance cost within warranty period of elevators	237,626	205,294
Dividends payable to minority shareholders	109,649	214,680
Payables to related parties (Note 10 (6))	125,990	1,526,495
Bidding service fee	144,701	135,814
Others	4,376,377	4,326,309
Total	8,355,843	9,704,410

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(42) Current portion of non-current liabilities

	31 December 2025	31 December 2024
Current portion of long-term borrowings (Note 5(44))	6,486,276	8,790,064
Current portion of bonds payable (Note 5(45))	3,797	766,064
Current portion of lease liabilities (Note 5(46))	406,937	377,219
Current portion of long-term payables (Note 5(47))	135,985	254,888
Total	<u>7,032,995</u>	<u>10,188,235</u>

(43) Other current liabilities

	31 December 2025	31 December 2024
Accrued expenses (a)	8,576,835	7,716,293
Provisions (b)	6,305,248	6,583,961
	<u>14,882,083</u>	<u>14,300,254</u>
Less: Long-term provisions	2,447,630	2,832,979
Total	<u>12,434,453</u>	<u>11,467,275</u>

(a) Accrued expenses

	31 December 2025	31 December 2024
Accrued cost of spare parts	7,864,815	7,099,179
Others	712,020	617,114
Total	<u>8,576,835</u>	<u>7,716,293</u>

(b) Provisions

	Opening balance	Increase in the current year	Reversal in the current year	Decrease in the current year	Closing balance
Estimated onerous contracts (i)	2,020,430	969,760	(195,222)	(875,866)	1,919,102
Product warranty expenses(ii)	4,047,146	2,014,338	(3,752)	(2,056,219)	4,001,513
Expected credit impairment for guarantees/commitments	207,236	13,224	(27,876)	(87,076)	105,508
Others	309,149	74,832	-	(104,856)	279,125
	<u>6,583,961</u>	<u>3,072,154</u>	<u>(226,850)</u>	<u>(3,124,017)</u>	<u>6,305,248</u>
Less: Long-term provisions	2,832,979				<u>2,447,630</u>
Total	<u>3,750,982</u>				<u>3,857,618</u>

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(43) Other current liabilities (Cont'd)

(b) Provisions(Cont'd)

- (i) Factors such as commodity prices and industry competition can have a significant impact on the gross profit of related contracts. As at 31 December 2025, the Group assessed on whether unavoidable estimated total costs of meeting contractual obligations had exceeded the economic benefits expected to be received, and made provision for these onerous contracts based on the estimated least net cost of exiting from the contracts.
- (ii) Warranty liabilities primarily arise from maintenance services associated with product sales. As at 31 December 2025, the Group recognised warranty provisions for sold products based on sales volume, historical repair costs, and estimated per-unit warranty costs. These provisions are discounted to present value over the expected warranty period using the projected timing of warranty claims. The estimation of product warranty provisions involves significant judgments and assumptions, including: warranty-to-revenue ratios derived from historical repair data, projected costs (e.g., labor hours, wages, and materials) to fulfill warranty obligations; and discount rates applied in present value calculations.

(c) Short-term bonds payable

Information regarding the short-term bonds payable issued during the current year is as follows:

	Opening balance	Increase in the current year	Interest accrued at par value	Amortisation of premium or discount	Repayment in the current year	Closing balance
25 Hufeng SCP001 (Innovation and Technology Bond)	-	1,200,000	11,323	(155)	1,211,168	-

	Face value	Date of issue	Maturity of bonds	Aggregate principal amount of bonds issued
25 Hufeng SCP001 (Innovation and Technology Bond)	1,200,000	2025/6/19	193 days	1,200,000

Approved by the National Association of Financial Market Institutional Investors (Document No. 【2024】 SCP297), a subsidiary of the Group, Shanghai Electric Wind Power Group Co., Ltd., issued corporate bonds in June 2025. These bonds featured a bullet repayment of both principal and interest upon maturity with a fixed annual interest rate of 1.76%. A total amount of RMB 1,211,168 thousand in principal and interest was repaid in a single payment on 30 December 2025.

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5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(44) Long-term borrowings

	31 December 2025	31 December 2024
Credit borrowings	22,036,346	23,944,572
Mortgage borrowings (Note 5 (22), (25))	2,243,084	1,912,410
Pledged borrowings (a) (Note 5 (6))	4,923,926	4,860,332
Secured borrowings (b)	3,118,639	5,754,867
Sub-total	32,321,995	36,472,181
Less: Current portion of long-term borrowings	6,486,276	8,790,064
Total	25,835,719	27,682,117

(a) As at 31 December 2025, the Group pledged accounts receivable with a carrying amount of RMB 1,444,727 thousand (31 December 2024: RMB 2,421,710 thousand) to obtain long-term bank borrowings of RMB 1,424,468 thousand (31 December 2024: RMB 1,797,055 thousand).

As at 31 December 2025, the Group pledged the future collection rights with a carrying amount of RMB 10,034,092 thousand (31 December 2024: RMB 12,798,599 thousand) of several PPP projects and power generation projects to the bank to obtain short-term bank borrowings RMB 41,000 thousand (31 December 2024: Nil) and long-term bank borrowings of RMB 3,499,458 thousand (31 December 2024: RMB 3,063,277 thousand).

(b) As at 31 December 2025, the total long-term borrowings guaranteed by the Group for certain subsidiaries were RMB 3,118,639 thousand (31 December 2024: RMB 5,754,867 thousand).

At the balance date, the maturity of long-term borrowings was analysed as follows:

	31 December 2025	31 December 2024
1 to 2 years	6,451,589	8,436,107
2 to 5 years	10,561,063	6,448,247
Over 5 years	8,823,067	12,797,763
Total	25,835,719	27,682,117

As at 31 December 2025, the annual interest rate of the above long-term borrowings ranged from 1.00% to 5.35% (31 December 2024: 1.00% to 5.35%).

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(45) Bonds payable

	Opening balance	Increase in the current year	Interest accrued at par value	Amortisation of premium or discount	Repayment in the current year	Closing balance
25 Hudian MTN001 (a)	-	1,000,000	1,068	(982)	-	1,000,086
25 Hudian MTN002 (a)	-	1,000,000	1,068	(982)	-	1,000,086
22 Hufeng MTN001	766,064	-	6,038	1,748	773,850	-
25 Hufeng MTN002 (b)	-	1,000,000	1,661	(584)	-	1,001,077
Less: Current portion of bonds payable	766,064					3,797
Total	-					2,997,452

- (a) On 11 December 2025, the Company issued the first and second tranches of its 2025 Innovation and Technology Bonds. The bonds have a term of 3 years, with an issue date of 12 December 2025 and a maturity date of 12 December 2028. They were issued at par value, with a total issuance amount of RMB 1 billion for each tranche, a coupon rate of 1.85%, and interest payable annually.
- (b) On 2 December 2025, Shanghai Electric Wind Power Group Co., Ltd., a subsidiary of the Group, issued its second tranche of 2025 Innovation and Technology Bonds. The bonds have a term of 3 years, with an issue date of 2 December 2025 and a maturity date of 2 December 2028. They were issued at par value, with a total issuance amount of RMB 1 billion, a coupon rate of 2.09%, and interest payable annually.

(46) Lease liabilities

	31 December 2025	31 December 2024
Lease liabilities	2,200,014	1,840,945
Less: Current portion of non-current liabilities (Note 5 (42))	406,937	377,219
Non-current portion	1,793,077	1,463,726

As at 31 December 2025, payments for leases not yet commenced to which the Group was committed amounted to RMB 24,040 thousand (31 December 2024: RMB 9,438 thousand).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(47) Long-term payables

	31 December 2025	31 December 2024
Related party loans (Note 10 (6))	383,450	224,350
Guarantees for finance leases	151,688	387,828
Finance lease payable and others	664,638	178,537
	1,199,776	790,715
Less: Current portion of long-term payables (Note 5 (42))	135,985	254,888
Non-current portion	1,063,791	535,827

(48) Long-term employee benefits payable

	31 December 2025	31 December 2024
Termination benefits	65,780	71,655
Defined benefit plan (a)	114,361	108,410
Total	180,141	180,065

(a) Defined benefit plan

The defined benefit plan requires employee contributions. Contributions are made in two ways, namely, contributions to the plan based on the number of years of service and a fixed percentage of the employee's salary. Employees can also contribute to the plan at their discretion.

This plan exposes the Group to actuarial risks, such as investment risk, interest rate risk, longevity risk and salary risk.

Investment risk

The present value of defined benefit plan liabilities is calculated at a discount rate determined with reference to the yield of high-quality corporate bonds. If the return on the plan assets is lower than the discount rate, the plan will incur a deficit. Due to the long-term nature of plan liabilities, the Pension Fund Committee believes that it is appropriate to invest a reasonable portion of plan assets in funds invested by insurance companies to take advantage of the returns generated by the funds.

Interest rate risk

The reduction in bond interest rates will lead to an increase in plan liabilities; however, this will be partially offset by an increase in the return on the planned debt investment.

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(48) Long-term employee benefits payable (Cont'd)

(a) Defined benefit plan(Cont'd)

Longevity risk

The present value of defined benefit plan liabilities is calculated by referring to the best estimate of the mortality rate of plan members during and after the employment period. An increase in the life expectancy of plan members will result in an increase in plan liabilities.

Salary risk

The present value of defined benefit plan liabilities is calculated by referring to the future salary of plan members. As a result, an increase in the salary of plan members will lead to an increase in plan liabilities.

The composition of the defined benefit plan is as follows:

	31 December 2025	31 December 2024
Non-current liabilities	114,361	108,410
Current liabilities	5,230	5,343
Total	119,591	113,753

The main actuarial assumptions adopted at the end of the reporting period are as follows:

	31 December 2025	31 December 2024
Discount rate	4.02%	3.61%
Expected future increase in retirement cost ratio	2.10%	2.10%
Expected increase in salary ratio	2.35%	2.35%

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(48) Long-term employee benefits payable (Cont'd)

(a) Defined benefit plan (Cont'd)

The amount of the above defined benefit plan recognised in the statement of profit or loss and other comprehensive income is as follows:

	2025	2024
Service cost:		
Current service cost	1,611	1,887
Net interest expense	3,511	3,903
Expected return on plan assets	(227)	(208)
Defined benefit cost composition recognised in profit or loss	4,895	5,582
Remeasured net defined benefit liabilities:		
Obligation actuarial (gain) / loss	(4,726)	4,546
Actuarial gain of plan assets	(110)	(152)
Defined benefit cost composition recognised in other comprehensive expenses	(4,836)	4,394
Total	59	9,976

Changes in the present value of defined benefit obligations are as follows:

	2025	2024
Opening balance	120,723	115,228
Current service cost	1,611	1,887
Interest expenses	3,511	3,903
Obligation actuarial (gain) / loss	(4,726)	4,546
Benefits paid	(4,284)	(3,428)
Exchange differences for overseas plans	10,293	(1,413)
Closing balance	127,128	120,723

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(48) Long-term employee benefits payable (Cont'd)

(a) Defined benefit plan (Cont'd)

Changes in the fair value of plan assets are as follows:

	2025	2024
Opening balance	6,970	6,988
Expected return	227	208
Actuarial gain of plan assets	110	152
Benefits paid	(240)	(253)
Exchange differences for overseas plans	469	(125)
Closing balance	7,536	6,970

The fair value of plan assets classified by category at the end of the reporting period is as follows:

	31 December 2025	31 December 2024
Insurance company investment funds	7,536	6,970

(49) Deferred income

	31 December 2024	Increase in the current year	Recognised in other income in the current year	31 December 2025
Government grants	1,210,875	986,287	(1,055,205)	1,141,957

(50) Other non-current liabilities

	31 December 2025	31 December 2024
Long-term contract liabilities	45,264	-
Others	32,849	13,325
Total	78,113	13,325

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(51) Share capital

	Opening balance	Movements in the current year			Closing balance	
		Shares newly issued	Bonus share	Transfer from capital surplus		Others
Ordinary shares denominated in RMB	12,655,327	-	-	-	(39,687)	12,615,640
Foreign shares listed overseas	2,924,482	-	-	-	-	2,924,482
		-	-	-		
Total	15,579,809	-	-	-	(39,687)	15,540,122

On 9 April 2025, the Company convened the 109th meeting of the fifth session of the Board, at which the Resolution on the Plan of Repurchase of A Shares through Centralized Price Bidding was considered and approved. On 13 August 2025, the Company completed the implementation of the Plan of Repurchase of A Shares. A total of 39,687,456 A Shares were repurchased through price bidding transactions, representing 0.25% of the Company's total share capital, with a total expenditure of RMB 300,000 thousand. On August 15, 2025, the Company canceled the aforementioned 39,687,456 repurchased A-Shares with China Securities Depository and Clearing Corporation Limited, resulting in a reduction of share capital by RMB 39,687 thousand and a reduction of capital surplus (share premium) by RMB 260,313 thousand.

(52) Capital surplus

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Share premium(Note5(51))(Note)	12,566,926	654,962	(383,429)	12,838,459
Effect of convertible bonds on equity	3,381,592	-	-	3,381,592
Subsidiaries relocation compensations	297,503	-	-	297,503
Profit commitment compensation	232,002	-	-	232,002
Share-based payments included in owners' equity	184,585	-	-	184,585
Others	2,064,785	-	-	2,064,785
Total	18,727,393	654,962	(383,429)	18,998,926

Note: In 2025, a subsidiary of the Company acquired 12% minority interest in Shanghai Blower Works Co., Ltd. from its non-controlling shareholders. This transaction resulted in an increase in the capital surplus of RMB27,232 thousand.

In 2025, a subsidiary of the Company acquired 30% minority interest in Huizhou Longhe Technology Co., Ltd. and 49.99% minority interest in Shanghai Electric Trusted & Safe Transportation Limited Company. The transactions resulted in decreases in the capital surplus of RMB112,498 thousand and RMB21,654 thousand, respectively.

In 2025, the Company disposed a portion of its equity interests in its subsidiaries, Shanghai Mechanical & Electrical Industry Co., Ltd. and Shanghai Electric Wind Power Group Co., Ltd., resulting in an increase in capital surplus of RMB 160,448 thousand and RMB 467,282 thousand, respectively.

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(53) Other comprehensive income

Accumulated balance of other comprehensive income attributable to shareholder of the parent in the consolidated balance sheet:

For the year ended 31 December 2025

Other comprehensive income in the balance sheet			
	1 January 2025	Increase / Decrease	31 December 2025
Other comprehensive income items which will not be reclassified to profit or loss			
Changes arising from remeasurement of defined benefit plan	12,169	3,189	15,358
Other comprehensive income items which will be reclassified to profit or loss			
Other comprehensive income that will be reclassified to profit or loss under equity method	(30,908)	-	(30,908)
Changes in fair value of other debt investments	86,784	(20,557)	66,227
Provision for credit impairment of other debt investments and receivables financing	(6,358)	32,714	26,356
Cash flow hedge reserve	20,912	1,296	22,208
Differences on translation of foreign currency financial statements	(24,171)	35,890	11,719
Others	12,989	5,333	18,322
Total	71,417	57,865	129,282

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(53) Other comprehensive income(Cont'd)

Accumulated balance of other comprehensive income attributable to shareholder of the parent in the consolidated balance sheet:(Cont'd)

For the year ended 31 December 2025

	Other comprehensive income in the income statement				
	Amount incurred before income tax	Less: Transfer-out of previous other comprehensive income in the current year	Less: Income tax expenses	Attributable to shareholders of the parent company	Attributable to the minority shareholders
Other comprehensive income items which will not be reclassified to profit or loss					
Changes arising from remeasurement of defined benefit plan	4,836	-	1,499	3,189	148
Other comprehensive income items which will be reclassified to profit or loss	-	-	-	-	-
Changes in fair value of other debt investments	28,565	63,992	(10,779)	(20,557)	(4,091)
Provision for credit impairment of other debt investments and receivables financing	50,237	1,301	12,184	32,714	4,038
Cash flow hedge reserve	10,560	9,035	229	1,296	-
Differences on translation of foreign currency financial statements	53,602	(524)	14,796	35,890	3,440
Others	6,088	-	741	5,333	14
Total	153,888	73,804	18,670	57,865	3,549

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(53) Other comprehensive income (Cont'd)

Accumulated balance of other comprehensive income attributable to shareholder of the parent in the consolidated balance sheet: (Cont'd)

For the year ended 31 December 2024

	Other comprehensive income in the balance sheet		
	1 January 2024	Increase / Decrease	31 December 2024
Other comprehensive income items which will not be reclassified to profit or loss			
Changes arising from remeasurement of defined benefit plan	16,368	(4,199)	12,169
Other comprehensive income items which will be reclassified to profit or loss			
Other comprehensive income that will be reclassified to profit or loss under equity method	(30,908)	-	(30,908)
Changes in fair value of other debt investments	25,875	60,909	86,784
Provision for credit impairment of other debt investments and receivables financing	(6,691)	333	(6,358)
Cash flow hedge reserve	21,107	(195)	20,912
Differences on translation of foreign currency financial statements	(14,547)	(9,624)	(24,171)
Others	10,397	2,592	12,989
Total	21,601	49,816	71,417

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(53) Other comprehensive income (Cont'd)

Accumulated balance of other comprehensive income attributable to shareholder of the parent in the consolidated balance sheet: (Cont'd)

For the year ended 31 December 2024

	Other comprehensive income in the income statement				
	Amount incurred before income tax	Less: Transfer-out of previous other comprehensive income in the current year	Less: Income tax expenses	Attributable to shareholders of the parent company	Attributable to the minority shareholders
Other comprehensive income items which will not be reclassified to profit or loss					
Changes arising from remeasurement of defined benefit plan	(4,394)	-	-	(4,199)	(195)
Other comprehensive income items which will be reclassified to profit or loss					
Changes in fair value of other debt investments	171,134	92,615	19,630	60,909	(2,020)
Provision for credit impairment of other debt investments and receivables financing	2,139	1,518	158	333	130
Cash flow hedge reserve	(438)	-	(66)	(195)	(177)
Differences on translation of foreign currency financial statements	(12,515)	-	-	(9,624)	(2,891)
Others	1,962	-	69	2,592	(699)
Total	157,888	94,133	19,791	49,816	(5,852)

(54) Special surplus

	Opening balance	Appropriation in the current year	Decrease in the current year	Closing balance
Safety production funds	123,825	120,203	(111,329)	132,699

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(55) Surplus reserve

	Opening balance	Appropriation in the current year	Decrease in the current year	Closing balance
Statutory surplus reserve	4,097,110	328,326	-	4,425,436
Discretionary surplus reserve	29,816	349,926	-	379,742
Reserve fund	303,715	-	(303,715)	-
Enterprise expansion fund	349,926	-	(349,926)	-
Provision for general risk of Finance Company	1,183,405	55,819	-	1,239,224
Total	5,963,972	734,071	(653,641)	6,044,402

In accordance with the Company Law of the People's Republic of China and the Company's Articles of Association, the Company should appropriate 10% of net profit to the statutory surplus reserve, and can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital.

According to Notice on Financial Treatment Issues after the Implementation of the Company Law and the Foreign Investment Law (Cai Zi [2025] No.101), no reserve fund, enterprise expansion fund, employee bonus and welfare fund shall be appropriated from 1 January 2025. The balances of the reserve fund and enterprise expansion fund are transferred to the statutory surplus reserves and the discretionary surplus reserve respectively for management and use, and the employee bonus and welfare fund is used according to the purposes, conditions and procedures determined at the time of appropriation.

(56) Retained earnings

	31 December 2025	31 December 2024
Retained earnings at the end of the prior year	12,723,500	12,249,556
Net profit attributable to shareholders of the parent company	1,206,219	752,480
Less: Provision for general risk	55,819	56,948
Appropriation to surplus reserve	24,611	-
Appropriation to employees' bonus and welfare fund	-	21,588
Others (Note)	-	200,000
Retained earnings at the end of the year	13,849,289	12,723,500

Note: On 15 October 2024, Ningsheng Industrial considered and approved the profit distribution plan, and distributed dividends to shareholders amounting to RMB200,000 thousand.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(57) Revenue and operating cost

(a) Revenue and operating cost status

	For the year ended 31 December 2025		For the year ended 31 December 2024	
	Revenue	Cost	Revenue	Cost
Revenue from main operations	120,794,135	101,221,886	109,436,027	91,687,743
Revenue from other operations	5,164,560	2,666,421	6,020,154	2,837,333
Interest income/expenses	717,022	72,806	726,357	98,265
Fee and commission income/expenses	2,869	720	3,578	836
Total	126,678,586	103,961,833	116,186,116	94,624,177

Revenue from main operations includes revenue from sales of energy equipment, industrial equipment and integration service. The Group segment information of revenue and operating costs have been listed in Note 14.

Details of revenue from main operations are as follows:

	For the year ended 31 December 2025	For the year ended 31 December 2024
Sales of goods	101,313,810	89,168,857
Construction services	8,502,098	8,713,287
Rendering of services	10,978,227	11,553,883
Total	120,794,135	109,436,027

Details of revenue from other operations are as follows:

	For the year ended 31 December 2025	For the year ended 31 December 2024
Sales of products and materials	3,291,835	4,559,872
Operating lease income	501,862	466,000
Finance lease income	87,712	74,017
Rendering of non-industrial services	692,720	253,806
Others	590,431	666,459
Total	5,164,560	6,020,154

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(57) Revenue and operating cost (Cont'd)

(b) Revenue breakdown

	For the year ended 31 December 2025				
	Sales of goods	Construction services	Rendering of services	Others	Total
Place of business					
China	90,952,642	3,873,531	11,326,322	1,180,005	107,332,500
Other Asian countries/ geographical areas	2,398,137	3,542,644	49,625	-	5,990,406
Other regions	11,254,866	1,085,923	295,000	-	12,635,789
Total	104,605,645	8,502,098	11,670,947	1,180,005	125,958,695
Timing of revenue recognition					
Recognised at a point in time	101,313,810	-	944,615	-	102,258,425
Recognised over time	-	8,502,098	10,033,612	-	18,535,710
Revenue from other operations	3,291,835	-	692,720	1,180,005	5,164,560
Total	104,605,645	8,502,098	11,670,947	1,180,005	125,958,695
	For the year ended 31 December 2024				
	Sales of goods	Construction services	Rendering of services	Others	Total
Place of business					
China	79,799,829	4,387,150	11,473,966	1,206,476	96,867,421
Other Asian countries/ geographical areas	2,203,707	3,513,004	69,713	-	5,786,424
Other regions	11,725,193	813,133	264,010	-	12,802,336
Total	93,728,729	8,713,287	11,807,689	1,206,476	115,456,181
Timing of revenue recognition					
Recognised at a point in time	89,168,857	-	1,728,201	-	90,897,058
Recognised over time	-	8,713,287	9,825,682	-	18,538,969
Revenue from other operations	4,559,872	-	253,806	1,206,476	6,020,154
Total	93,728,729	8,713,287	11,807,689	1,206,476	115,456,181

For the year ended 31 December 2025, the Group did not receive any additional rewards for completing services ahead of schedule. The Group's sales revenue from materials is recognised at a point in time.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(58) Taxes and surcharges

	For the year ended 31 December 2025	For the year ended 31 December 2024
City maintenance and construction tax	220,093	176,223
Real estate tax	162,376	157,864
Educational surcharge	153,659	114,815
Stamp tax	121,327	103,067
Land use tax	38,630	38,114
Others	57,773	72,236
Total	753,858	662,319

The payment criterion is set out in Note 4.

(59) Selling and distribution expenses

	For the year ended 31 December 2025	For the year ended 31 December 2024
Labour costs	1,623,255	1,469,079
Agency fee and commission	433,163	410,569
General office expenses and market development expenses	532,966	434,046
Agent and technical service fees	281,450	212,867
Travel expenses	208,510	184,699
Bidding service fee	134,693	115,826
Packaging expenses	27,922	23,464
Depreciation and amortisation	28,348	18,193
Others	28,970	31,916
Total	3,299,277	2,900,659

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(60) General and administrative expenses

	For the year ended 31 December 2025	For the year ended 31 December 2024
Labour costs	4,493,210	4,234,978
Depreciation and amortisation	1,024,602	924,068
Professional service fees	843,860	838,508
General office expenses	790,127	764,805
Rental fees	173,841	144,937
Travel expenses	198,658	174,171
Repair expenses	240,192	159,224
Power energy expenses	69,687	67,907
Others	611,763	655,179
Total	8,445,940	7,963,777

(61) Research and development expenses

	For the year ended 31 December 2025	For the year ended 31 December 2024
Labour costs	2,500,410	2,311,855
Direct input material costs	2,428,203	2,364,776
Outsourced research expenses	354,675	289,249
Depreciation and amortisation	224,344	186,462
Others	656,382	512,172
Total	6,164,014	5,664,514

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(62) Financial expenses

	For the year ended 31 December 2025	For the year ended 31 December 2024
Interest costs on borrowings	1,250,132	1,588,013
Add: Interest costs on lease liabilities	71,063	42,916
Less: Capitalised interest	32,193	69,614
Less: Capitalised amount of interest	574,064	1,005,414
Exchange gains	40,272	(61,224)
Others	74,957	59,670
Total	830,167	554,347

(63) Other income

	For the year ended 31 December 2025	For the year ended 31 December 2024
Government grants related to ordinary activities	1,055,205	962,520
Super deduction of VAT	378,058	451,694
Total	1,433,263	1,414,214

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(64) Investment income

	For the year ended 31 December 2025	For the year ended 31 December 2024
Investment income from long-term equity investments under equity method (Note 5 (19))	1,768,865	1,331,529
Investment income from disposal of subsidiaries	66,156	107,077
Investment income obtained during the holding of financial assets measured at amortised cost	172,000	272,349
Investment income obtained during the holding of other non-current financial assets	256,039	60,959
Investment income from disposal of other non-current financial assets	13,579	16,776
Investment income from disposal of financial assets held for trading	7,783	3,757
Investment income obtained during the holding of financial assets held for trading	58,478	203,731
Investment income from disposal of other debt investments	63,992	92,615
Others	62,182	66,649
Total	<u>2,469,074</u>	<u>2,155,442</u>

There is no significant restriction on recovery of investment income of the Group.

(65) Losses on changes in fair value

	For the year ended 31 December 2025	For the year ended 31 December 2024
Financial assets at fair value through profit or loss	(268,294)	(459,886)
Derivative financial instruments	693	(3,675)
Total	<u>(267,601)</u>	<u>(463,561)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(66) Credit impairment losses

	For the year ended 31 December 2025	For the year ended 31 December 2024
Losses on bad debts of accounts receivable, other receivables and receivables financing	(504,211)	(515,369)
Losses on bad debts of notes receivable	(147,245)	(126,659)
Reversal / (Impairment losses) on impairment of debt investments	25,251	(9,944)
Impairment losses on other debt investments	(48,437)	(864)
Losses on impairment of long-term receivables	(432,807)	(420,657)
Reversal / (Impairment losses) of losses on guarantees	14,652	(15,269)
Reversal of losses on loans	62,123	23,522
Total	<u>(1,030,674)</u>	<u>(1,065,240)</u>

(67) Asset impairment losses

	For the year ended 31 December 2025	For the year ended 31 December 2024
Impairment losses on inventories	(941,018)	(1,296,956)
Reversal / (Impairment losses) of losses on contract assets	74,485	(126,207)
Impairment losses on prepayments	(136,761)	-
Impairment losses on investment property	(25,700)	-
Impairment losses on goodwill	-	(254,042)
Impairment losses on fixed assets	(307,861)	(94,725)
Impairment losses on construction in progress	(22,188)	(67,970)
Impairment losses of intangible assets	(29,941)	(916)
Impairment losses on long-term equity investments	-	(344,525)
Impairment losses on other current as sets	-	(13,668)
Total	<u>(1,388,984)</u>	<u>(2,199,009)</u>

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(68) Gains on disposal of assets

	For the year ended 31 December 2025	For the year ended 31 December 2024
Gains /(Losses) on disposal of intangible assets	288,234	(14,880)
Gains on disposal of fixed assets, investment properties and construction in progress	217,459	49,257
Gain on disposal of right-of-use assets	110	-
Total	505,803	34,377

(69) Non-operating income

	For the year ended 31 December 2025	For the year ended 31 December 2024	Amount recognised in non-recurring profit or loss in 2025
Insurance claims	23,742	27,278	23,742
Unpayable payables	25,982	26,944	25,982
Others	113,795	117,012	113,795
Total	163,519	171,234	163,519

(70) Non-operating expenses

	For the year ended 31 December 2025	For the year ended 31 December 2024	Amount recognised in non-recurring profit or loss in 2025
Losses on debt restructuring	-	56,620	-
Compensation expenditures	13,867	32,959	13,867
Donation expenditures	5,009	5,131	5,009
Others	70,123	38,563	70,123
Total	88,999	133,273	88,999

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(71) Expenses by nature

The operating cost, interest costs, fee and commission expenses, selling and distribution expenses, general and administrative expenses and research and development expenses in the income statement are listed as follows by nature:

	For the year ended 31 December 2025	For the year ended 31 December 2024
Consumption of raw materials	60,864,696	56,659,859
Machinery and services purchased	33,395,329	30,002,597
Labour costs	14,346,445	13,131,640
Depreciation and amortisation	3,536,011	3,287,839
Freight and package fees	1,510,276	1,321,880
Warranty expenses	2,010,586	1,034,175
Power energy expenses	978,538	880,223
General office expenses	853,996	737,002
Agency fee and commission	620,979	569,095
Technology commission fees and technical service fees	672,682	512,064
Travel expenses	479,822	430,187
Property cost	333,401	340,167
Consultation fee	307,471	278,912
Market development fee	176,249	122,157
Others	1,784,583	1,845,330
Total	121,871,064	111,153,127

(72) Income tax expenses

	For the year ended 31 December 2025	For the year ended 31 December 2024
Current income tax expenses	1,609,192	1,328,228
Deferred income tax expenses	327,125	(283,893)
Total	1,936,317	1,044,335

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(72) Income tax expenses (Cont'd)

The reconciliation between income tax expenses and profit before income taxes is as follows:

	For the year ended 31 December 2025	For the year ended 31 December 2024
Total profit	5,021,912	3,739,745
Income tax expenses calculated at applicable tax rates provided by law	1,255,478	934,936
Effect of preferential tax rates of certain subsidiaries	(609,272)	(353,589)
Adjustment for tax filing difference of prior years	29,183	(21,147)
Effect on share of profit of joint ventures and associates	(396,772)	(326,191)
Income not subject to tax	(77,125)	(64,967)
Non-deductible expenses	85,568	67,718
Preferential tax for qualified expenses	(438,852)	(456,349)
Utilisation of tax losses and deductible temporary differences for which no deferred income tax assets were recognised previously	(57,247)	(131,543)
Tax losses and deductible temporary differences for which no deferred income tax assets were recognised	2,145,356	1,395,467
Income tax expenses	<u>1,936,317</u>	<u>1,044,335</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(73) Earnings per share

Basic earnings per share are calculated by dividing net profit for the current period attributable to ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares. Newly issued ordinary shares are included in the weighted average number of shares from the date consideration is receivable (which is generally the date of their issuance) according to specific terms of the issuance contract.

Basic earnings per share are calculated as follows:

	For the year ended 31 December 2025 (RMB/share)	For the year ended 31 December 2024 (RMB/share)
Basic earnings per share (EPS)		
Earnings per share from continued operations	0.078	0.048
Diluted earnings per share (EPS)		
Earnings per share from continued operations	0.078	0.048

Basic and diluted earnings per share are calculated as follows:

	For the year ended 31 December 2025	For the year ended 31 December 2024
Profit		
Consolidated net profit attributable to ordinary shareholders of the parent company		
Continued operations	1,206,219	752,480
Adjusted consolidated net profit attributable to ordinary shareholders of the parent company	1,206,219	752,480
Attributable to:		
Continued operations	1,206,219	752,480
Shares		
Weighted average number of outstanding ordinary shares	15,561,016	15,579,809
Adjusted weighted average number of outstanding ordinary shares	15,561,016	15,579,809

Diluted earnings per share

Diluted earnings per share are calculated by dividing consolidated net profit attributable to ordinary shareholders of the parent company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of outstanding ordinary shares of the Company. For the year ended 31 December 2025, the Company had no dilutive potential ordinary shares. Therefore, diluted earnings per share equal to basic earnings per share.

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(74) Notes to the cash flow statement

(a) Cash relating to operating activities

	For the year ended 31 December 2025	For the year ended 31 December 2024
Cash received relating to other operating activities:		
Net decrease in finance lease and sale-leaseback receivables from the Lease Company	559,816	746,832
Income from government grants	1,433,263	1,291,752
Cash for interest, fee and commission	718,271	729,935
Interest income from parties excluding the Finance Company and the Lease Company	573,971	1,005,414
Operating lease income	501,862	466,000
Net increase in customer deposits and interbank deposits	-	92,614
Net decrease in financial assets purchased under resale agreements	320,005	-
Others	171,983	509,269
Total	4,279,171	4,841,816
Cash paid relating to other operating activities:		
Net increase in financial assets purchased under resale agreements	-	1,769,486
General and administrative expenses	2,915,507	2,807,530
Selling and distribution expenses	1,647,674	1,424,463
Research and development expenses	3,439,260	3,166,197
Net increase in deposits with central banks	359,849	587,085
Cash for payment of interest, fee and commission	73,526	102,118
Net increase in loans and advances to customers	995,603	1,915,960
Net decrease in financial assets sold under repurchase agreements	-	1,000,000
Net decrease in customer deposits and interbank deposits	1,174,999	-
Others	26,667	354,246
Total	10,633,085	13,127,085

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(74) Notes to the cash flow statement (Cont'd)

(b) Cash relating to investing activities

	For the year ended 31 December 2025	For the year ended 31 December 2024
Cash received from disposal of investments:		
Cash received from disposal of interbank deposits	14,676,391	13,298,405
Cash received from disposal of financial assets held for trading	6,685,755	5,778,080
Cash received from disposal of joint ventures and associates	143,251	251,476
Others	1,315,292	1,232,468
Total	22,820,689	20,560,429
Cash paid to acquire investments:		
Cash paid to acquire interbank deposits	21,005,396	13,890,678
Cash paid to acquire financial assets held for trading	5,829,750	6,293,744
Cash paid to acquire bonds	2,664,256	586,484
Cash paid for capital increases in joint ventures and associates	238,162	344,374
Others	515,320	252,016
Total	30,252,884	21,367,296
Cash received relating to other investing activities:		
Land expropriation compensation income	-	204,849
Cash paid relating to other investing activities:		
Land expropriation compensation expenses	37,983	29,104
Net increase in restricted cash and cash equivalents	112,646	212,307
Net increase in time deposit over three months	2,631,385	11,861,702
Total	2,782,014	12,103,113

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(74) Notes to the cash flow statement (Cont'd)

(c) Cash relating to financing activities

	For the year ended 31 December 2025	For the year ended 31 December 2024
Cash received relating to other financing activities:		
Disposal of a portion of the equity interest in subsidiaries	1,425,971	-
Loans provided to the Group by related parties	159,100	101,600
Total	1,585,071	101,600

	For the year ended 31 December 2025	For the year ended 31 December 2024
Cash paid relating to other financing activities:		
Share repurchase by the Company	300,000	-
Share repurchase by subsidiaries	125,432	-
Loans repaid by the Group to related parties	-	276,812
Repayments of lease liabilities	694,578	614,510
Total	1,120,010	891,322

In 2025, the total cash outflow related to leasing paid by the Group was RMB 982,177 thousand (2024: RMB 834,810 thousand), except for the above amount of payment of lease liabilities included in financing activities, and the rest of the cash outflow was included in operating activities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(74) Notes to the cash flow statement (Cont'd)

(c) Cash relating to financing activities (Cont'd)

Changes in liabilities from financing activities:

	31 December 2024	Increase		Decrease		31 December 2025
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Bank borrowings (including the current portion)	46,020,408	25,913,567	1,655,546	(30,226,882)	(973,838)	42,388,801
Bonds payable (including the current portion)	766,064	2,997,400	11,635	(773,850)	-	3,001,249
Lease liabilities (including the current portion)	1,840,945	-	1,500,199	(694,578)	(446,552)	2,200,014
Other current liabilities	-	1,199,678	11,490	(1,211,168)	-	-
Dividends payable to minority shareholders	214,680	-	1,405,473	(1,510,504)	-	109,649
Others (including the current portion)	224,350	159,100	-	-	-	383,450
Total	49,066,447	30,269,745	4,584,343	(34,416,982)	(1,420,390)	48,083,163

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(75) Supplementary information to the cash flow statement

(a) Supplementary information to the cash flow statement

Reconciliation from net profit to cash flows from operating activities

	For the year ended 31 December 2025	For the year ended 31 December 2024
Net profit	3,085,595	2,695,410
Add: Asset impairment losses	1,388,984	2,199,009
Credit impairment losses	1,030,674	1,065,240
Depreciation of fixed assets	2,045,213	2,007,045
Depreciation of right-of-use assets	543,687	486,675
Amortisation of intangible assets	561,406	546,442
Depreciation and amortisation of investment properties	94,808	74,140
Amortisation of long-term prepaid expenses	290,897	173,537
Gains on disposal of fixed assets, intangible assets and other long-term assets	(505,803)	(209,025)
Losses on changes in fair value	267,601	463,561
Financial expenses	1,404,138	1,534,575
Investment income	(2,469,074)	(2,155,442)
Changes in deferred tax assets	400,135	(389,444)
Changes in deferred tax liabilities	(70,398)	99,705
Amortisation of deferred income	(1,055,205)	(962,520)
Increase in inventories	(13,583,430)	(3,480,921)
Changes in contract assets	(2,030,705)	(712,265)
Changes in contract liabilities	11,072,414	13,843,818
Increase in operating receivables	(2,494,367)	(1,618,226)
Increase in operating payables	10,526,697	1,980,026
Increase in special reserve	12,621	(2,799)
Net cash flows from operating activities	<u>10,515,888</u>	<u>17,638,541</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(75) Supplementary information to the cash flow statement(Cont'd)

(a) *Supplementary information to the cash flow statement(Cont'd)*

Significant operating, investing and financing activities that do not involve cash receipts and payments

	For the year ended 31 December 2025	For the year ended 31 December 2024
Purchase payments made by bank acceptance notes	6,177,019	3,495,053
Newly added right-of-use assets in the current period	1,352,414	1,019,070
Asset-for-debt transaction (Note 5 (5), (6))	253,652	141,988
Total	<u>7,783,085</u>	<u>4,656,111</u>

(b) *Net cash paid to acquire subsidiaries*

	For the year ended 31 December 2025
Cash and cash equivalents paid during the current year for subsidiaries acquired in the current year	34,616
Less: Cash and cash equivalents held by subsidiaries at the acquisition date	51,409
Add: Cash and cash equivalents paid during the current year for the acquisition of subsidiaries in prior years	<u>1,441,000</u>
Net cash paid to acquire subsidiaries	<u>1,424,207</u>

(c) *Net cash received from disposal of subsidiaries*

	For the year ended 31 December 2025
Cash and cash equivalents received from disposal of subsidiaries in the current year	613,093
Less: Cash and cash equivalents held by subsidiaries on the date of losing control	87,207
Add: Cash and cash equivalents received during the current year for the disposal of subsidiaries and other business units in prior years	<u>3,475</u>
Net cash received from disposal of subsidiaries	<u>529,361</u>

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(75) Supplementary information to the cash flow statement (Cont'd)

(d) Cash and cash equivalents

	For the year ended 31 December 2025	For the year ended 31 December 2024
Cash	11,606,328	9,968,947
Including: Cash on hand	1,925	2,299
Bank deposits available for immediate use	11,604,403	9,966,648
Placements with banks and other financial institutions	17,728,894	26,207,572
Cash and cash equivalents at the end of the year	29,335,222	36,176,519

	For the year ended 31 December 2025	For the year ended 31 December 2024
Cash at bank and on hand	37,308,176	32,569,013
Placements with banks and other financial institutions	17,728,894	26,207,572
	55,037,070	58,776,585
Less: Time deposits over three months	20,503,120	17,871,735
Less: Restricted cash at bank and on hand	5,198,728	4,728,331
Total	29,335,222	36,176,519

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(75) Supplementary information to the cash flow statement (Cont'd)

(e) Supplier financing arrangements

The Group provides non-recourse reverse factoring arrangements to suppliers through supply chain finance products such as "Yunxin", "Jian Dan Hui" and "Ying Lian", which are provided by platforms including Cloudchain Group Co., Ltd., JDH Information Technology (Guangzhou) Co., Ltd. and Shenzhen Qianhai Huanrong Lianyi Information Technology Service Co., Ltd. (collectively referred to as the "Supply Chain Platforms"), in cooperation with partner banks. The specific process is as follows:

The supply chain finance products are electronic payment obligations issued by the ultimate payer on the supply chain platforms. Based on its own trade payables information, the Group issues electronic payment obligations with corresponding amounts and maturities to suppliers on the platforms and undertakes an unconditional payment obligation on their maturity dates. Upon receipt of the electronic payment obligations on the supply chain platforms, suppliers may choose to hold them until maturity, apply for factoring financing, or transfer them for payment. If a supplier applies for factoring financing, it is required to submit supporting documents for the underlying transaction on the supply chain platform. After approval by the platform, the application is forwarded to the partner bank. Simultaneously, the supplier transfers the electronic payment obligation to the bank and enters into a non-recourse factoring agreement, based on which the bank disburses the financing amount to the supplier. Upon maturity of the electronic payment obligation, the Company fulfills its payment obligation. The payment is then settled through the supply chain platform and the bank's clearing system to the ultimate holder of the electronic payment obligation.

Information on financial liabilities relating to supplier finance arrangements is as follows:

	2025			
	Book balance	Of which: amounts already received by suppliers	Maturity date range	Maturity date range of comparable trade payables
Accounts Payable	4,379,452	3,085,733	Deferred for 146 to 373 days	30 to 120 days
2024				
	Book balance	Of which: amounts already received by suppliers	Maturity date range	Maturity date range of comparable trade payables
應付帳款	2,172,327	1,152,108	Deferred for 180 to 365 days	30 to 120 days

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(76) Major monetary items denominated in foreign currency

(a) Major monetary items denominated in foreign currency

31 December 2025	Original currency	Exchange rate	RMB balances
Cash at bank and on hand -			
USD	678,000	7.0288	4,765,529
JPY	401,762	0.0448	17,999
GBP	6,546	9.4346	61,759
HKD	13,650	0.9032	12,328
EUR	66,275	8.2355	545,812
IDR	46,968,110	0.0004	18,787
INR	658,055	0.0783	51,526
VND	36,981,772	0.0003	11,095
AUD	540	4.6892	2,534
BDT	3,060	0.0575	176
MYR	98,815	1.7319	171,138
RSD	1,101,786	0.0705	77,676
CHF	9	8.8510	75
Accounts receivable -			
USD	484,847	7.0288	3,407,892
JPY	46,603	0.0448	2,088
GBP	37,137	9.4346	350,372
EUR	30,021	8.2355	247,237
INR	3,147	0.0783	246
BDT	45,091	0.0575	2,593
MYR	15,002	1.7319	25,982
CHF	126	8.8510	1,112
Other receivables -			
USD	65,842	7.0288	462,792
JPY	2,802	0.0448	126
GBP	22,176	9.4346	209,226
HKD	2,348	0.9032	2,121
EUR	725	8.2355	5,974
IDR	176,342	0.0004	71
INR	716	0.0783	56
VND	4,660,940	0.0003	1,398
BDT	46,820	0.0575	2,692
MYR	1,289	1.7319	2,232
RSD	9,996	0.0705	705

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(76) Major monetary items denominated in foreign currency(Cont'd)

(a) Major monetary items denominated in foreign currency(Cont'd)

31 December 2025	Original currency	Exchange rate	RMB balances
Accounts payable -			
USD	134,447	7.0288	945,003
JPY	87,764	0.0448	3,932
GBP	47,138	9.4346	444,733
EUR	9,900	8.2355	81,534
VND	945,200	0.0003	284
BDT	6,367	0.0575	366
MYR	81,366	1.7319	140,917
RSD	469,391	0.0705	33,092
CHF	276	8.8510	2,441
Other payables -			
USD	169,933	7.0288	1,194,422
JPY	630	0.0448	28
GBP	20,856	9.4346	196,771
HKD	13,432	0.9032	12,132
EUR	4,756	8.2355	39,166
BDT	84	0.0575	5
MYR	36,035	1.7319	62,409
RSD	3,028	0.0705	213
Short-term borrowings			
HKD	814,962	0.9032	736,074
EUR	202,254	8.2355	1,665,662
Long-term borrowings			
EUR	164,571	8.2355	1,355,326
Long-term borrowings (inclusive of those due within one year)			
USD	74,502	7.0288	523,660
EUR	91,699	8.2355	755,185

6 CHANGES IN THE SCOPE OF CONSOLIDATION

(1) Combinations not involving entities under common control

(a) Combinations not involving entities under common control in the current year

	Timing of equity acquisition	Cost of equity acquisition	Percentage of equity acquired (%)	Method of acquisition	Acquisition date	Basis for determining the acquisition date	The acquiree's revenue from the acquisition date to the year-end	The acquiree's net profit from the acquisition date to the year-end	The acquiree's net cash flow from the acquisition date to the year-end
Shanghai Blower Works Qidong Co., Ltd.	June 2025	34,616	33	Transfer of equity	June 2025	The point in time when control is obtained	442,871	2,924	65,474

(b) Combination cost and goodwill

	Fair value	Carrying amount
Cash on hand	34,616	34,616
Fair value of the previously held equity interest at the acquisition date	35,666	29,488
Total combination cost	70,282	64,104
Less: Share of the fair value of identifiable net assets acquired	70,282	
The amount by which goodwill/combination cost is less than the share of fair value of identifiable net assets acquired	-	

The fair value of the combination cost is determined based on the appraised value set forth in the Asset Appraisal Report on the Overall Equity Value of Shanghai Blower Works Qidong Co., Ltd. Involved in the Proposed Equity Acquisition by Shanghai Electric Blower Works Co., Ltd. (Report No. H.S.W. 0667 (2024)) issued by Shanghai Shenwei Assets Appraisal Co., Ltd.

(c) Identifiable Assets and Liabilities of the Acquiree at the Acquisition Date

	Fair value at the acquisition date	Carrying amount at the acquisition date
Cash at bank and on hand	45,617	45,617
Receivables	278,587	278,587
Fixed assets	159,226	153,171
Intangible assets	21,286	13,027
Other assets	160,316	151,560
Payables	485,962	485,962
Other liabilities	74,172	69,271
Net assets	104,898	86,729
Less: Minority interests	34,616	28,621
Net assets acquired	70,282	58,108

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

6 CHANGES IN THE SCOPE OF CONSOLIDATION (CONT'D)

(2) Addition of subsidiaries

	Major business location and places of registration	Nature of business	Direct shareholding %	Indirect shareholding %	Registration capital(Unit: RMB thousand)
PT. Shanghai Mechanical And Electrical Engineering Indonesia	Indonesia	Professional technical service	-	100.00	IDR 10,000,000
Shanghai Electric Bangladesh Limited	Bangladesh	Power supply industry	-	100.00	BDT 100,000
Shanghai Electric Automation Group Hong Kong Co., Ltd.	Hong Kong	Electrical and circuits industry	-	100.00	HKD 10,000
SKE Global Ventures Limited (Note 1)	Hong Kong	E-cigarette sales	-	14.58	HKD 1,000
SKE Technology Germany GmbH (Note 1)	Germany	E-cigarette import and sales	-	14.58	EUR 250
SKE Technology Korea Co.,Ltd. (Note 1)	South Korea	E-cigarette sales	-	14.58	KRW 200,000
Yinghe Smart Korea Co., Ltd. (Note 1)	South Korea	Automated machinery and equipment trade	-	28.59	KRW 110,688
Shanghai Electric Group Electric Drive Technology (Zhejiang) Co., Ltd.	Zhejiang Province	Manufacturing of specialized equipment	-	100.00	RMB 50,000
Shanghai Electric Group Shangdian Electric Motor (Gansu) Co., Ltd.	Gansu Province	Manufacturing of specialized equipment	-	100.00	RMB 10,000
Wenling Yihui New Energy Development Co., Ltd.	Zhejiang Province	Power supply industry	-	51.00	RMB 50,000
Shangdian Tori County New Energy Co., Ltd.	Xinjiang Uygur Autonomous Region	Power supply industry	-	60.01	RMB 5,000
Shangdian (Karamay) New Energy Co., Ltd.	Xinjiang Uygur Autonomous Region	Science and technology promotion and application service industry	-	60.01	RMB 5,000
Shanghai Electric Wind Power Group (Guizhou) Co., Ltd.	Guizhou Province	Power supply industry	-	60.01	RMB 20,000
Shangdian (Beihai) New Energy Equipment Co., Ltd.	Guangxi Zhuang Autonomous Region	Manufacturing of specialized equipment	-	60.01	RMB 10,000
Shanghai Electric (Tancheng) New Energy Equipment Co., Ltd.	Shandong Province	Manufacturing of specialized equipment	-	60.01	RMB 5,000
Shangdian (Xiuyan) New Energy Co., Ltd.	Liaoning Province	Science and technology promotion and application service industry	-	60.01	RMB 2,000
Shanghai Electric Wind Power Group (Dunhuang) New Energy Equipment Co., Ltd.	Gansu Province	Manufacturing of specialized equipment	-	60.01	RMB 2,000
Fuxin Shangdian New Energy Co., Ltd.	Liaoning Province	Science and technology promotion and application service industry	-	60.01	RMB 2,000
Shangdian (Ruichang) New Energy Equipment Co., Ltd.	Jiangxi Province	Power supply industry	-	60.01	RMB 10,000
Shangdian Zhiyu (Yulin) New Energy Equipment Co., Ltd.	Shaanxi Province	Wholesale industry	-	60.01	RMB 10,000
Shangdian (Wudalianchi) New Energy Equipment Co., Ltd.	Heilongjiang Province	Manufacturing of specialized equipment	-	60.01	RMB 2,000
Shanghai Electric Wind Power Group Qidong Wind Power Equipment Co., Ltd.	Jiangsu Province	Power supply industry	-	60.01	RMB 5,000
Hengli Hybrid Tower (Siping) Wind Power Co., Ltd.	Jilin Province	Science and technology promotion and application service industry	-	60.01	RMB 25,000
Shanghai Electric Wind Power Group Linfeng New Energy Co., Ltd.	Shanghai	Power supply industry	-	60.01	RMB 5,000
Dynamic Intelligence Control (Shanghai) Technology Co., Ltd. (Note 2)	Shanghai	Professional technical service	-	60.01	RMB 75,000
Jiyu Lixing (Shanghai) Technology Co., Ltd.	Shanghai	Science and technology promotion and application service industry	-	22.34	RMB 100,000
Jiyuan Taixin Wind Power Generation Co., Ltd.	Henan Province	Power supply industry	-	63.74	RMB 1,000
Linyi Energy Storage Technology Co., Ltd. (Note 3)	Shandong Province	Professional technical service	-	100.00	RMB 60,000

6 CHANGES IN THE SCOPE OF CONSOLIDATION (CONT'D)

(2) Addition of subsidiaries(Cont'd)

	Major business location and places of registration	Nature of business	Direct shareholding %	Indirect shareholding %	Registration capital(Unit: RMB thousand)
Shaoxing Shangdian Shundong New Energy Co., Ltd.	Zhejiang Province	Power supply industry	-	86.68	RMB 1,000
Jinan Shangdian New Energy Development Co., Ltd.	Shandong Province	Power supply industry	-	86.68	RMB 1,000
Huaning Zhiheng New Energy Co., Ltd.	Yunnan Province	Power supply industry	-	60.01	RMB 1,000
Shangdian Shanneng (Tai'an) Wind Power Equipment Manufacturing Co., Ltd. (Note 4)	Shandong Province	Manufacturing of specialized equipment	-	39.13	RMB 10,000
Shanghai Blower Works Qidong Co., Ltd.	Jiangsu Province	Manufacturing of specialized equipment	-	67.00	RMB 125,000
Taonan Huineng Comprehensive Energy Service Co., Ltd.	Jilin Province	Power supply industry	-	86.68	RMB 1,000
Tancheng Qingfeng New Energy Development Co., Ltd.	Shandong Province	Power supply industry	-	86.68	RMB 500
Shangdian (Baicheng) New Energy Development Co., Ltd.	Jilin Province	Power supply industry	-	86.68	RMB 1,000
Shangdian (Tongyu) New Energy Development Co., Ltd.	Jilin Province	Power supply industry	-	86.68	RMB 1,000
Shanghai Shangji Technology Co., Ltd.	Shanghai	Professional technical service	-	100.00	RMB 50,000
Shanghai Lvchuan Era Technology Co., Ltd.	Shanghai	Science and technology promotion and application service industry	-	93.47	RMB 400,905
Arong Banner Xinghe New Energy Co., Ltd. (Note 4)	Inner Mongolia Autonomous Region	Power supply industry	-	48.01	RMB 1,000
Shanghai Electric Wind Power Group (Xuzhou) Wind Power Equipment Co., Ltd.	Jiangsu Province	Power supply industry	-	60.01	RMB 10,000
Shangdian (Hongsibao District, Wuzhong City) New Energy Equipment Co., Ltd.	Ningxia Hui Autonomous Region	Manufacturing of specialized equipment	-	60.01	RMB 10,000
Tanghe County Hengshai New Energy Co., Ltd. (Note 4)	Henan Province	Power supply industry	-	48.01	RMB 1,000
Shijiazhuang Zitai Technology Co., Ltd.	Hebei Province	Professional technical service	-	100.00	RMB 10,000
Shanghai Electric Hydraulic (Wuhu) Co., Ltd. (Note 2)	Anhui Province	Manufacturing of specialized equipment	-	43.81	RMB 300,000
Yan'an Shangdian Zhihong New Energy Co., Ltd. (Note 4)	Shaanxi Province	Power supply industry	-	30.61	RMB 5,000
Yan'an Zhirun Shangdian New Energy Co., Ltd. (Note 4)	Shaanxi Province	Power supply industry	-	30.61	RMB 5,000
Heshan Zhiheng New Energy Co., Ltd.	Guangxi Province	Power supply industry	-	60.01	RMB 1,000

Note 1: These companies are newly established subsidiaries of Yinghe Technology. Yinghe Technology exercises actual control over them and, in fact, holds more than 50% of their voting rights; therefore, they are included within the consolidation scope.

Note 2: These companies are newly established subsidiaries of SMEI. SMEI exercises control over them and, in fact, holds more than 50% of their voting rights; therefore, they are included within the consolidation scope.

Note 3: The company is a wholly-owned subsidiary of Shanghai Electric (Anhui) Energy Storage Technology Co., Ltd., which in turn is a subsidiary of the Company. Since the Company is able to exercise indirect control over it, the company is included within the consolidation scope.

Note 4: These companies are newly established subsidiaries of Shanghai Electric Wind Power Group Co., Ltd. ("Shanghai Electric Wind Power"). Shanghai Electric Wind Power exercises control over them and, in fact, holds more than 50% of their voting rights; therefore, they are included within the consolidation scope.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

6 CHANGES IN THE SCOPE OF CONSOLIDATION (CONT'D)

(3) Disposal of subsidiaries

							Difference between proceeds from disposal and corresponding shares of net assets in the consolidated financial statements
	Timing of losing control	Proceeds from disposal	The disposal ratio at the point of losing control (%)	The disposal method at the point of losing control	Basis for judgement of timing of losing control		
Shanghai Electric (Huaibei) Water Development Co., Ltd.	Jun 2025	397,890	90	Transfer of equity	Completion of equity delivery		(35)
Qingdao Huachen Weiye Power Technology Engineering Co., Ltd.	Oct 2025	3,036	6	Transfer of equity	Completion of equity delivery		503
Shanghai Electric Group (Suning) Environmental Protection Technology Co., Ltd.	Jun 2025	157,000	100	Transfer of equity	Completion of equity delivery		34,189
Shanghai Nenghe Energy Co., Ltd.	Dec 2025	-	100	Company deregistration	Completion of industrial and commercial cancellation registration		-
Inner Mongolia Mengfa Electric Power Development Co., Ltd.	Oct 2025	45,147	100	Transfer of equity	Completion of equity delivery		27,021
Shanghai Electric Wind Power Equipment Manufacturing (Taonan) Co., Ltd.	Nov 2025	-	100	Company deregistration	Completion of industrial and commercial cancellation registration		-
Shanghai Electric Wind Blade Technology (Shantou) Co., Ltd.	May 2025	-	100	Company deregistration	Completion of industrial and commercial cancellation registration		-
Shanghai Ceramic Electrical Apparatus Works Co., Ltd.	Sep 2025	-	100	Company deregistration	Completion of industrial and commercial cancellation registration		-
Shanghai Nanqiao Transformer Co., Ltd.	Dec 2025	-	100	Company deregistration	Completion of industrial and commercial cancellation registration		-
Shanghai Electric Environmental Protection Group Australia Subsidiary Company	Jan 2025	-	100	Company deregistration	Completion of industrial and commercial cancellation registration		-
CTU Clean Technology Universe AG	Jan 2025	-	100	Bankruptcy liquidation	Handed over to the asset manager appointed by the court		4,478
Inner Mongolia Liheng New Energy Co., Ltd.	May 2025	-	100	Company deregistration	Completion of industrial and commercial cancellation registration		-
Sanjiang Zhiheng New Energy Co., Ltd.	May 2025	-	100	Company deregistration	Completion of industrial and commercial cancellation registration		-
Kulun Banner Shangshun New Energy Co., Ltd.	May 2025	-	100	Company deregistration	Completion of industrial and commercial cancellation registration		-
Shanghai Xinmu New Energy Environmental Engineering Co., Ltd.	Aug 2025	-	100	Company deregistration	Completion of industrial and commercial cancellation registration		-
Shanghai Mingzhen New Energy Environmental Engineering Co., Ltd.	Dec 2025	-	100	Company deregistration	Completion of industrial and commercial cancellation registration		-
Shanghai Electric Private Equity Fund Management Co., Ltd.	Jun 2025	10,020	100	Transfer of equity	Completion of equity delivery		-
Shanghai Electric Wind Power Group Shandong New Energy Co., Ltd.	Dec 2025	-	100	Company deregistration	Completion of industrial and commercial cancellation registration		-

7 INTERESTS IN OTHER ENTITIES

(1) Interest in subsidiaries

(a) Constitution of the Group

	Major business location and place of registration	Nature of business	Registered capital (RMB)	Shareholding (%)	
				Direct	Indirect
Acquired through establishment or equity investment					
SMEI (Note 3(34))	Shanghai	Manufacturing industry	RMB 1,022,739,308	43.81	-
Shanghai Boiler Works Co., Ltd.	Shanghai	Manufacturing industry	RMB 507,487,000	100.00	-
Shanghai Electric Group Shanghai Electric Machinery Co., Ltd.	Shanghai	Manufacturing industry	RMB 178,494,300	100.00	-
Shanghai Nanhua-Lanling Electrical Co., Ltd. (Note 1)	Shanghai	Manufacturing industry	RMB 100,000,000	-	25.00
Shanghai Mitsubishi Elevator Co., Ltd. (Note 1)	Shanghai	Manufacturing industry	USD 155,269,363	-	22.78
Shanghai Electric Power Generation Equipment Co., Ltd.	Shanghai	Manufacturing industry	USD 264,791,667	-	60.00
Shanghai Electric Wind Power Group Co., Ltd.	Shanghai	Manufacturing industry	RMB 1,333,333,400	59.41	0.60
Shanghai Turbine Works Co., Ltd.	Shanghai	Manufacturing industry	RMB 704,858,100	100.00	-
Shanghai Electric Nuclear Power Equipment Co., Ltd.	Shanghai	Manufacturing industry	RMB 2,097,556,100	100.00	-
Shanghai Electric Transmission and Distribution Group Co., Ltd. (Note 3(34))	Shanghai	Manufacturing industry	RMB 2,000,000,000	50.00	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

7 INTERESTS IN OTHER ENTITIES (CONT'D)

(1) Interest in subsidiaries (Cont'd)

(a) Constitution of the Group (Cont'd)

	Major business location and place of registration	Nature of business	Registered capital (RMB)	Shareholding (%)	
				Direct	Indirect
Shanghai Electrical Apparatus Import & Export Co., Ltd.	Shanghai	Service industry	RMB 10,000,000	100.00	-
Shanghai Electric Gas Turbine Co., Ltd.	Shanghai	Manufacturing industry	RMB 600,000,000	60.00	-
Shanghai Electric SHMP Pulverising & Special Equipment Co., Ltd.	Shanghai	Manufacturing industry	RMB 150,000,000	100.00	-
Shanghai Electric Wind Power Yunnan Co., Ltd.	Yunnan	Manufacturing industry	RMB 20,000,000	-	60.01
Shanghai Institute of Mechanical & Electrical Engineering Co., Ltd.	Shanghai	Service industry	RMB 1,956,123,400	100.00	-
Shanghai Najie Complete Sets of Electric Co., Ltd. (Note 1)	Shanghai	Manufacturing industry	RMB 100,000,000	-	42.50
Shanghai Blower Works Co., Ltd.	Shanghai	Manufacturing industry	RMB 218,416,400	-	100.00
Shanghai Prime Mingyu Machinery Technology Co., Ltd.	Shanghai	Manufacturing industry	RMB 2,305,970,870	87.68	7.88
Shanghai Electric Industrial Co., Ltd.	Shanghai	Service industry	RMB 66,951,500	100.00	-
Communication Company (Note 3)	Shanghai	Manufacturing industry	RMB 300,000,000	40.00	-
Shanghai Electric Investment Co., Ltd.	Shanghai	Financial industry	RMB 3,014,047,300	100.00	-

7 INTERESTS IN OTHER ENTITIES(CONT'D)

(1) Interest in subsidiaries (Cont'd)

(a) Constitution of the Group (Cont'd)

	Major business location and place of registration	Nature of business	Registered capital (RMB)	Shareholding (%)	
				Direct	Indirect
Business combinations involving enterprises under common control					
Shanghai Renmin Electrical Apparatus Works	Shanghai	Manufacturing industry	RMB 132,352,900	-	34.00
Shanghai Electric POWER Transmission & Distribution Engineering Co., Ltd.	Shanghai	Manufacturing industry	RMB 50,000,000	-	50.00
Shanghai Electric Group Finance Co., Ltd.	Shanghai	Financial industry	RMB 3,000,000,000	74.63	14.15
Shanghai Electric Group Property Company Limited	Shanghai	Real estate industry	RMB 1,681,000,000	100.00	-
Shanghai Electric Power Generation Environment Protection Engineering Co., Ltd.	Shanghai	Manufacturing industry	RMB 102,631,579	95.00	-
Shanghai No.1 Machine Tool Works Co., Ltd.	Shanghai	Manufacturing industry	RMB 620,000,000	100.00	-
Shanghai Electric Leasing Co., Ltd.	Shanghai	Service industry	RMB 3,000,000,000	100.00	-
Shanghai Denso Fuel Injection Co., Ltd.	Shanghai	Manufacturing industry	USD 29,400,000	61.00	-
Shanghai Ningsheng Industrial Co., Ltd.	Shanghai	Integrated management industry	RMB 1,000,000	-	100.00

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

7 INTERESTS IN OTHER ENTITIES (CONT'D)

(1) Interest in subsidiaries (Cont'd)

(a) Constitution of the Group (Cont'd)

	Major business location and place of registration	Nature of business	Registered capital (RMB)	Shareholding (%)	
				Direct	Indirect
Business combinations involving enterprises not under common control					
Shanghai Feihang Electric Wire & Cable Co., Ltd. (Note 1)	Shanghai	Manufacturing industry	RMB 210,000,000	-	30.00
Shanghai Huapu Cable Co., Ltd. (Note 1)	Shanghai	Manufacturing industry	RMB 200,000,000	-	40.00
Shenzhen Yinghe Technology Co., Ltd. (Note 3(34))	Guangdong	Manufacturing industry	RMB 645,179,428	-	28.59

Note 1: According to the articles of association of Shanghai Nanhua-Lanling Electrical Co., Ltd., Shanghai Mitsubishi Elevator Co., Ltd., Shanghai Najie Complete Sets of Electric Co., Ltd., Shanghai Feihang Electric Wire & Cable Co., Ltd. and Shanghai Huapu Cable Co., Ltd., the Group holds the majority of seats in the Board of Directors of the above companies, and can lead their major financial and operation decisions. Therefore, the Group has substantial control over these companies and includes them in the scope of consolidation as subsidiaries.

Note 2: The Group's subsidiaries, SMEI, Electric Wind Power, and Shenzhen Yinghe Technology Co., Ltd., are joint-stock companies, while all other subsidiaries are limited liability companies.

Note 3: According to the articles of association of the Communication Company, the Group can lead its major financial and operation decisions. Therefore, the Group has substantial control over the Communication Company and includes it in the scope of consolidation as a subsidiary.

Note 4: As the Group has a large number of subsidiaries, the table above only presents subsidiaries that have significant impacts on the income statement or owners' equity, and so not all subsidiaries are listed in this table.

7 INTERESTS IN OTHER ENTITIES(CONT'D)

(1) Interest in subsidiaries (Cont'd)

(b) Subsidiaries with material non-controlling interests

The Group determines the subsidiaries with significant minority interests by considering factors such as whether the subsidiaries are listed companies and the proportion of their minority interests to the Group's consolidated shareholders' equity, which are set out below:

Subsidiaries	Shareholding of minority shareholders	Profit or loss attributable to minority shareholders For the year ended 31 December 2025	Dividends paid to minority shareholders at the end of 2025	Accumulated non- controlling interests at end of year
SMEI	56.19%	819,004	207,035	10,756,547
Shanghai Electric Wind Power Group Co., Ltd.	39.99%	(384,199)	-	1,668,607
Shenzhen Yinghe Technology Co., Ltd.	71.41%	631,551	441,000	5,158,973

(c) Key financial information on subsidiaries with material non-controlling interests

The summarised financial information of the above subsidiaries is set out below. The amounts disclosed are before inter-company eliminations:

For the year ended 31 December 2025	SMEI	Shanghai Electric Wind Power Group Co., Ltd.	Shenzhen Yinghe Technology Co., Ltd.
Current assets	26,564,069	20,953,585	16,353,941
Non-current assets	6,867,998	13,592,779	3,125,618
Total assets	33,432,067	34,546,364	19,479,559
Total liabilities	16,517,026	30,393,692	12,386,809
Revenue	19,294,379	13,681,194	9,445,216
Net profit/(loss)	1,190,468	(992,326)	783,441
Total comprehensive income	1,190,468	(992,012)	783,389
Net cash flows from operating activities	798,645	597,806	795,034

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

7 INTERESTS IN OTHER ENTITIES (CONT'D)

(1) Interest in subsidiaries (Cont'd)

(c) Key financial information on subsidiaries with material non-controlling interests (Cont'd)

The summarised financial information of the above subsidiaries is set out below. The amounts disclosed are before inter-company eliminations:(Cont'd)

For the year ended 31 December 2024	SMEI	Shanghai Electric Wind Power Group Co., Ltd.	Shenzhen Yinghe Technology Co., Ltd.
Current assets	28,538,486	16,946,412	11,795,149
Non-current assets	6,627,227	12,258,597	2,966,313
Total assets	35,165,713	29,205,009	14,761,462
Total liabilities	18,823,268	24,081,187	7,801,639
Revenue	20,682,466	10,438,021	8,523,721
Net profit/(loss)	1,351,418	(785,769)	1,050,998
Total comprehensive income	1,351,418	(786,548)	1,050,881
Net cash flows from operating activities	897,400	43,345	26,506

(2) Interests in joint ventures and associates

(a) Significant joint ventures and associates

Significant joint ventures and associates are presented as below:

	Major business location and place of registration	Nature of business	Shareholding (%)		Accounting method
			Direct	Indirect	
Joint ventures -					
Shanghai Fanuc Intelligent Machines Co., Ltd.	Shanghai	Manufacturing of communication equipment	-	49	Equity method
Shanghai FANUC Robotics Co., Ltd.	Shanghai	Manufacturing of specialized equipment	-	50	Equity method
Associates -					
Shanghai Yileng Carrier Air Conditioning Equipment Co., Ltd.	Shanghai	Manufacturing of communication equipment	-	30	Equity method

7 INTERESTS IN OTHER ENTITIES (CONT'D)

(2) Interests in joint ventures and associates (Cont'd)

(b) Summarised financial information for significant joint ventures and associates

The table below presents the financial information of significant joint ventures and associates, which have been adjusted for differences in accounting policies and reconciled to the carrying amount of these financial statements:

For the year ended 31 December 2025	Shanghai Fanuc Intelligent Machines Co., Ltd.	Shanghai FANUC Robotics Co., Ltd.	Shanghai Yileng Carrier Air Conditioning Equipment Co., Ltd.
Current assets	1,806,758	6,208,353	3,109,831
Non-current assets	14,578	2,043,524	751,132
Total assets	1,821,336	8,251,877	3,860,963
Current liabilities	571,994	2,450,907	1,975,863
Non-current liabilities	-	-	146,396
Total liabilities	571,994	2,450,907	2,122,259
Minority interests	-	-	-
Attributable to shareholders of the parent company	1,249,342	5,800,970	1,738,704
Share of net assets based on shareholding	612,177	2,900,485	521,611
Adjustments	-	-	271
Carrying amount of investments in joint ventures	612,177	2,900,485	521,882

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

7 INTERESTS IN OTHER ENTITIES (CONT'D)

(2) Interests in joint ventures and associates (Cont'd)

(b) Summarised financial information for significant joint ventures and associates

The table below presents the financial information of significant joint ventures and associates, which have been adjusted for differences in accounting policies and reconciled to the carrying amount of these financial statements:(Cont'd)

For the year ended 31 December 2025	Shanghai Fanuc Intelligent Machines Co., Ltd.	Shanghai FANUC Robotics Co., Ltd.	Shanghai Yileng Carrier Air Conditioning Equipment Co., Ltd.
Revenue	2,825,264	5,957,284	6,225,288
Net profit	280,719	664,668	539,265
Other comprehensive income	-	-	-
Total comprehensive income	280,719	664,668	539,265
Net cash flows from operating activities	74,153	160,973	109,500

7 INTERESTS IN OTHER ENTITIES (CONT'D)

(2) Interests in joint ventures and associates (Cont'd)

(b) Summarised financial information for significant joint ventures and associates (Cont'd)

The table below presents the financial information of significant joint ventures and associates, which have been adjusted for differences in accounting policies and reconciled to the carrying amount of these financial statements:(Cont'd)

For the year ended 31 December 2024	Shanghai Fanuc Intelligent Machines Co., Ltd.	Shanghai FANUC Robotics Co., Ltd.	Shanghai Yileng Carrier Air Conditioning Equipment Co., Ltd.
Current assets	2,049,082	5,149,638	2,774,295
Non-current assets	14,626	2,136,120	747,367
Total assets	2,063,708	7,285,758	3,521,662
Current liabilities	943,753	1,823,658	1,972,656
Non-current liabilities	-	3,851	-
Total liabilities	943,753	1,827,509	1,972,656
Minority interests	-	-	-
Attributable to shareholders of the parent company	1,119,955	5,458,249	1,549,006
Share of net assets based on shareholding	548,778	2,729,124	464,702
Adjustments	-	-	4,067
Carrying amount of investments in joint ventures	548,778	2,729,124	468,769

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

7 INTERESTS IN OTHER ENTITIES (CONT'D)

(2) Interests in joint ventures and associates (Cont'd)

(b) Summarised financial information for significant joint ventures and associates (Cont'd)

The table below presents the financial information of significant joint ventures and associates, which have been adjusted for differences in accounting policies and reconciled to the carrying amount of these financial statements:(Cont'd)

For the year ended 31 December 2024	Shanghai Fanuc Intelligent Machines Co., Ltd.	Shanghai FANUC Robotics Co., Ltd.	Shanghai Yileng Carrier Air Conditioning Equipment Co., Ltd.
Revenue	2,720,269	6,069,848	5,515,275
Net profit	302,664	643,891	521,185
Other comprehensive income	-	-	-
Total comprehensive income	302,664	643,891	521,185
Net cash flows from operating activities	50,608	262,473	65,400

The Group calculates share of net assets in proportion of the shareholding based on the amount attributable to the parent company of associates in their consolidated financial statements, which has taken into account the impacts of both the fair value of the identifiable assets and liabilities of the associates upon acquisition of investments in associates and the unification of accounting policies adopted by the associates to those adopted by the Group.

Other adjustments include the embedded goodwill, etc.

There was no excess loss incurred in significant joint ventures or associates in the current year.

8 FINANCIAL INSTRUMENTS AND RISKS

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to mitigate potential adverse effects on the Group's financial performance.

(1) Market risk

(a) Foreign exchange risk

The Group's operational activities carried out in the Chinese mainland are denominated in RMB, while the overseas activities are denominated in foreign currencies, including USD and EUR, thus the overseas transactions are exposed to foreign exchange risk. In addition, the Group is exposed to foreign exchange risk arising from the recognised assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to US dollars. The Group's finance department at its headquarters is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies to minimise the foreign exchange risk. As at 31 December 2025, the Group's foreign currency borrowings amounted to USD 74,502 thousand, EUR 458,524 thousand, HKD 814,962 thousand, equivalent to RMB 5,035,907 thousand. The Group generally mitigates its foreign exchange risk by entering into forward foreign exchange contracts.

The financial assets and financial liabilities denominated in foreign currencies, which are held by the subsidiaries of the Group, whose recording currencies are RMB, are expressed in RMB as at 31 December 2025 and 31 December 2024 as follows:

	31 December 2025				
	USD	GBP	EUR	MYR	Total
Financial assets denominated in foreign currencies -					
Cash at bank and on hand	4,765,529	61,759	545,812	171,138	5,544,238
Accounts receivable	3,407,892	350,372	247,237	25,982	4,031,483
Other receivables	462,792	209,226	5,974	2,232	680,224
Total	8,636,213	621,357	799,023	199,352	10,255,945
	USD	GBP	EUR	HKD	Total
Financial liabilities denominated in foreign currencies -					
Accounts payable	945,003	444,733	81,534	-	1,471,270
Other payables	1,194,422	196,771	39,166	12,132	1,442,491
Short-term borrowings	-	-	1,665,662	736,074	2,401,736
Long-term borrowings	-	-	1,355,326	-	1,355,326
Current portion of long-term borrowings	523,660	-	755,185	-	1,278,845
Total	2,663,085	641,504	3,896,873	748,206	7,949,668

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

8 FINANCIAL INSTRUMENTS AND RISKS (CONT'D)

(1) Market risk (Cont'd)

(a) Foreign exchange risk (Cont'd)

	31 December 2024				
	USD	JPY	EUR	HKD	Total
Financial assets denominated in foreign currencies -					
Cash at bank and on hand	4,248,347	30,156	568,657	238,880	5,086,040
Accounts receivable	3,346,659	-	203,247	37,368	3,587,274
Other receivables	519,943	103	5,950	50,521	576,517
Total	8,114,949	30,259	777,854	326,769	9,249,831
Financial liabilities denominated in foreign currencies -					
Accounts payable	472,604	9,324	75,479	105	557,512
Other payables	1,580,397	4,417	36,642	30,754	1,652,210
Short-term borrowings	-	24,874	1,596,079	754,723	2,375,676
Long-term borrowings	882,066	-	1,785,990	-	2,668,056
Current portion of long-term borrowings	248,624	-	30,146	-	278,770
Total	3,183,691	38,615	3,524,336	785,582	7,532,224

As at 31 December 2025, a 5% appreciation/depreciation of RMB against the relevant foreign currencies would result in an increase/(decrease) to the Group's profit before tax as follows:

	Strengthened	Weakened
GBP	(298,656)	298,656
JPY	1,007	(1,007)
EUR	154,893	(154,893)
HKD	36,688	(36,688)
MYR	199	(199)

8 FINANCIAL INSTRUMENTS AND RISKS (CONT'D)

(1) Market risk (Cont'd)

(b) Interest rate risk

The Group's interest rate risk mainly arises from long-term interest-bearing liabilities including long-term bank borrowings and bonds payable. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2025, the Group's interest-bearing borrowings with floating rates mainly represented floating rate borrowing contracts denominated in RMB, USD and EUR, with the amounts of RMB23,311,482 thousand (31 December 2024: RMB21,011,099 thousand).

The Group's finance department at its headquarters continuously monitors the interest rate level of the Group. Increases in interest rates will increase the cost of new borrowing and the interest costs with respect to the Group's outstanding floating rate borrowings and therefore could have a material adverse effect on the Group's financial performance. Management adjusts timely with reference to the latest market conditions.

As at 31 December 2025, if interest rates on the floating rate borrowings had risen/fallen by 50 basis points while all other variables had been held constant, the Group's profit before tax would have decreased/increased by approximately RMB116,557 thousand (31 December 2024: approximately RMB103,040 thousand).

(c) Other price risk

The Group's other price risk arises mainly from various investments in equity instruments which are exposed to the risk of price changes on equity instruments.

As at 31 December 2025, if the estimated price of investments in equity instruments had risen/fallen by 5% while all other variables had been held constant, the Group's profit before tax would have been approximately RMB67,464 thousand (31 December 2024: approximately RMB40,817 thousand) higher/lower. There was no (31 December 2024: Nil) impact on other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

8 FINANCIAL INSTRUMENTS AND RISKS (CONT'D)

(2) Credit risk

The Group's credit risk mainly arises from cash at bank and on hand, loans and advances to customers, long-term receivables, notes receivable, accounts receivable, receivables financing, other receivables, contract assets, debt investments, other debt investments, financial guarantee contracts, and investments in debt instruments and derivative financial assets at fair value through profit or loss that are not included in the impairment assessment scope. As at the balance sheet date, the carrying amount of the Group's financial assets represented the maximum credit exposure of the Group. The maximum credit exposure off the balance sheet was the maximum amount of RMB1,279,645 thousand that need to be paid for fulfilment of guarantee obligations/commitments (Note 8(3)).

The Group expects that there is no significant credit risk associated with cash at bank and bank acceptance notes since they are mainly deposited at and accepted by state-owned banks and other medium or large size listed banks. The Group does not expect that there will be any significant losses from non-performance by these counterparties.

Debt investments and other debt investments held by the Group mainly consist of fixed-income bonds with high credit ratings, such as government bonds and financial bonds. The Group controls its exposure to credit risk by setting overall investment quota, which are reviewed and approved annually. The Group regularly monitors the credit risk exposure of bond investments, changes in credit ratings of bonds and other relevant information to ensure the overall credit risk of the Company is limited to a controllable extent.

8 FINANCIAL INSTRUMENTS AND RISKS (CONT'D)

(2) Credit risk (Cont'd)

The Group has policies to limit the credit exposure on notes receivable, accounts receivable, other receivables and contract assets. The Group assesses the credit quality of and sets credit periods on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will chase settlement by using written payment reminders, or shorten/cancel credit periods to ensure the overall credit risk of the Group is limited to a controllable extent. For trade acceptance notes receivable, accounts receivable and contract assets with significantly different credit risk characteristics, the Group evaluated the distribution of expected cash flows under multiple scenarios based on historical credit loss experience, operating model, current situations and forecasts of future conditions of contract counterparties under different situations, taking into account the professional legal advice from external lawyers and the asset preservation related to the litigation, and made corresponding provision for ECL according to ECL rate and the related probability weight under different scenarios.

In addition, financial guarantees or loan commitments may involve risks due to the failure of counterparties. The Group has strict application and approval requirements for financial guarantees or loan commitments. Considering internal and external credit ratings and other information, the Group continuously monitor credit risk exposures, changes in counterparty credit ratings and other relevant information to ensure the overall credit risk of the Group is limited to a controllable extent.

The Group only deals with recognised and reputable third parties on the lease business of the Lease Company. According to the Group's policy, credit review is required for all customers that trade by using credit methods. The Group continuously monitors the balance of long-term lease receivables, to prevent the Group from exposure to significant risk of bad debts.

The loan business provided by the Finance Company is dealt with the subsidiaries of Electric Holdings. The Group has established a credit quality evaluation system, setting credit limit and determining required pledge value and guarantee level based on borrower's risk level. Risk assessment includes borrower investigation, risk classification, evaluation and setting of credit limit, loan review and post-lending monitoring. The Group conducts risk assessment regularly, to ensure that the Group timely monitors potential risks and adopts proper precautions.

As at 31 December 2025, the fair value of significant collateral held by the Group as a result of the debtor's mortgage was RMB3,764,508 thousand and the risk exposure on the debt was RMB5,845,686 thousand.

As at 31 December 2025, other receivables of the Group from an associate amounted to RMB 68,912 thousand. As for the above other receivables, the related enterprise of the associate is committed to assuming joint guarantee liabilities for outstanding amounts under guarantee.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

8 FINANCIAL INSTRUMENTS AND RISKS (CONT'D)

(3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group's finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial liabilities of the Group at the balance sheet date are analysed by their maturity dates below at their undiscounted contractual cash flows:

For the year ended 31 December 2025	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	10,066,806	-	-	-	10,066,806
Financial liabilities held for trading and derivative financial liabilities	40,950	-	-	-	40,950
Notes payable	16,702,781	-	-	-	16,702,781
Accounts payable	70,637,292	-	-	-	70,637,292
Deposits from customers, banks and other financial institutions	6,167,406	-	-	-	6,167,406
Long-term borrowings (including the current portion)	6,486,276	6,451,589	10,561,063	8,823,067	32,321,995
Bonds payable (including the current portion)	3,797	1,020,900	2,021,019	-	3,045,716
Long-term payables (including the current portion)	135,985	88,406	466,907	508,478	1,199,776
Lease liabilities	421,180	968,465	344,494	542,876	2,277,015
Other financial liabilities	16,932,678	-	-	-	16,932,678
Total	127,595,151	8,529,360	13,393,483	9,874,421	159,392,415

8 FINANCIAL INSTRUMENTS AND RISKS (CONT'D)

(3) Liquidity risk (Cont'd)

(i)As at the balance sheet date, the Group's financial guarantees and non-financial guarantee letters provided to external parties are analysed below based on the maximum amounts and the earliest periods in which the guarantees could be called:

31 December 2025	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial guarantees	1,279,645	-	-	-	1,279,645

31 December 2024	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial guarantees	1,100,491	-	-	-	1,100,491

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

8 FINANCIAL INSTRUMENTS AND RISKS (CONT'D)

(4) Capital management

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Group's total capital is calculated as 'shareholders' equity' as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and monitors capital on the basis of gearing ratio.

As of December 31, 2025, and December 31, 2024, the Group's gearing ratio is listed as follow:

	31 December 2025	31 December 2024
Interest-bearing bank borrowings and other borrowings	42,388,801	46,020,408
Including:		
Short-term borrowings (Note 5 (32))	10,066,806	9,548,227
Long-term borrowings (Note 5 (44))	25,835,719	27,682,117
Current portion of long-term borrowings (Note 5 (42))	6,486,276	8,790,064
Bonds	3,001,249	766,064
Lease liabilities	2,200,014	1,840,945
Deposits from customers	6,167,406	7,333,529
Net liabilities	53,757,470	55,960,946
Total equity	79,906,754	77,380,319
Total equity and net liabilities	133,664,224	133,341,265
Gearing ratio	40.22%	41.97%

9 FAIR VALUE DISCLOSURES

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(1) Assets and liabilities measured at fair value

For the year ended 31 December 2025	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
Financial assets				
Financial assets held for trading -				
Investments in funds held for trading	5,895,429	-	-	5,895,429
Investments in equity instruments held for trading	10,175	-	1,733,000	1,743,175
Wealth management products	-	404,689	-	404,689
Non-hedging derivative financial instruments	-	344,177	-	344,177
Derivative financial assets -	-	14,734	-	14,734
Receivables financing -				
Notes receivable measured at fair value through other comprehensive income	-	-	1,791,842	1,791,842
Accounts receivable measured at fair value through other comprehensive income	-	-	310,288	310,288
Other current assets -				
Interbank deposits	-	19,823,042	-	19,823,042
Other short-term debt investments	-	-	121,339	121,339
Other non-current financial assets	1,339,098	1,286,098	3,220,886	5,846,082
Other debt investments	1,260,962	-	-	1,260,962
Total	8,505,664	21,872,740	7,177,355	37,555,759
Financial liabilities				
Derivative financial liabilities	-	2,386	-	2,386
Financial liabilities held for trading	-	38,564	-	38,564
Total	-	40,950	-	40,950

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

9 FAIR VALUE DISCLOSURES (CONT'D)

(1) Assets and liabilities measured at fair value (Cont'd)

For the year ended 31 December 2024	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
Financial assets				
Financial assets held for trading -				
Investments in funds held for trading	6,308,325	-	-	6,308,325
Investments in equity instruments held for trading	20,754	-	-	20,754
Investments in bonds held for trading	826,182	-	-	826,182
Wealth management products	-	271,434	-	271,434
Non-hedging derivative financial instruments	-	352,865	-	352,865
Derivative financial assets -	-	520	-	520
Receivables financing -				
Notes receivable measured at fair value through other comprehensive income	-	-	1,034,747	1,034,747
Accounts receivable measured at fair value through other comprehensive income	-	-	57,249	57,249
Other current assets -				
Interbank deposits	-	3,649,157	-	3,649,157
Other short-term debt investments	-	-	329,401	329,401
Other non-current financial assets	795,582	601,174	5,038,660	6,435,416
Other debt investments	368,431	-	-	368,431
Total assets	8,319,274	4,875,150	6,460,057	19,654,481
Financial liabilities				
Derivative financial liabilities	-	25,507	-	25,507
Financial liabilities held for trading	-	38,531	-	38,531
Total liabilities	-	64,038	-	64,038

9 FAIR VALUE DISCLOSURES (CONT'D)

(1) Assets and liabilities measured at fair value (Cont'd)

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There is no transfer between Level 1 and Level 2 for the current year.

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation techniques. For the financial assets at fair value through profit or loss which are recognised at initial recognition, the valuation models used mainly comprise Monte Carlo simulation model, and the inputs of the valuation technique mainly include stock expected yield and stock expected volatility; the fair value of bond investments and wealth management products are basically obtained from third parties' quoted prices of the same or comparable assets, and the valuation models used mainly comprise discounted cash flow model and market comparable corporate model.

Information about Level 2 fair value measurements is as follows:

	As at 31 December 2025	Valuation technique(s)	Unobservable inputs	
			Name	Range/ weighted average
Derivative financial assets— Forward currency contracts and futures	<u>14,734</u>	Income approach	Forward exchange rate for JPY against RMB	Range: 0.0459-0.0465 Weighted average: 0.0463
	As at 31 December 2024	Valuation technique(s)	Unobservable inputs	
			Name	Range/ weighted average
Derivative financial assets— Forward currency contracts and futures	<u>520</u>	Income approach	Forward exchange rate for USD against RMB	Range: 7.1720-7.1951 Weighted average: 7.1801

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

9 FAIR VALUE DISCLOSURES (CONT'D)

(1) Assets and liabilities measured at fair value (Cont'd)

The changes in Level 3 assets and liabilities are analysed below:

For the year ended 31 December 2025	Opening balance	Reclassification	Total gains or losses for the current period		Purchase	Sales	Closing balance	Changes in unrealised gains or losses included in profit or loss for the current year with respect to assets still held as at 31 December 2025
			Gains or losses recognised in profit or loss	Gains or losses recognised in other comprehensive income				
Financial assets								
Financial assets held for trading	-	1,733,000	-	-	-	-	1,733,000	-
Other current assets	329,401	-	(208,062)	-	-	-	121,339	(208,062)
Other non-current financial assets	5,038,660	(1,733,000)	(146,901)	(2,122)	64,249	-	3,220,886	(146,901)
Receivables financing	1,091,996	-	-	-	1,010,134	-	2,102,130	-
	<u>6,460,057</u>	<u>-</u>	<u>(354,963)</u>	<u>(2,122)</u>	<u>1,074,383</u>	<u>-</u>	<u>7,177,355</u>	<u>(354,963)</u>

For the year ended 31 December 2024	Opening balance	Reclassification	Total gains or losses for the current period		Purchase	Sales	Closing balance	Changes in unrealised gains or losses included in profit or loss for the current year with respect to assets still held as at 31 December 2024
			Gains or losses recognised in profit or loss	Gains or losses recognised in other comprehensive income				
Financial assets								
Other current assets	-	-	(250,138)	-	579,539	-	329,401	(250,138)
Other non-current financial assets	5,190,472	-	(147,191)	691	39,173	(44,485)	5,038,660	(147,191)
Receivables financing	1,354,944	-	-	-	2,042,997	(2,305,945)	1,091,996	-
	<u>6,545,416</u>	<u>-</u>	<u>(397,329)</u>	<u>691</u>	<u>2,661,709</u>	<u>(2,350,430)</u>	<u>6,460,057</u>	<u>(397,329)</u>

9 FAIR VALUE DISCLOSURES (CONT'D)

(1) Assets and liabilities measured at fair value on a recurring basis (Cont'd)

Information about the Level 3 fair value measurement is as follows:

	Valuation technique	Fair value as at 31 December 2025	Inputs			
			Name	Scope/ Weighted average	Relationship with fair value	Observable/ Unobservable
Other current assets measured at fair value through profit or loss	Income approach	121,339	Discount rates	9.3%	Negative correlation	Unobservable
Financial assets held for trading measured at fair value through profit or loss	Income approach	1,733,000	Discount rates	4.4%	Negative correlation	Unobservable
Other non-current financial assets measured at fair value through profit or loss -	Income approach	2,295,592	Discount rates	4.4%-12.6%	Negative correlation	Unobservable
	Comparable transaction method	661,225	Discount due to lack of control	11.13%	Negative correlation	Unobservable
	Market multiple method	264,069	Price to book ratio (P/B)	1.0-2.2	Positive correlation	Unobservable
			Scale risk discount	20%	Negative correlation	Unobservable
			Liquidity discount	25%	Negative correlation	Unobservable
Notes receivable measured at fair value through other comprehensive income -	Income approach	1,791,842	Discount rates	1.36%-1.57%	Negative correlation	Unobservable
Accounts receivable measured at fair value through other comprehensive income -	Income approach	310,288	Discount rates	4.8%-6%	Negative correlation	Unobservable
Total		<u>7,177,355</u>				

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

9 FAIR VALUE DISCLOSURES (CONT'D)

(2) Assets and liabilities not measured at fair value

The Group's financial assets and liabilities measured at amortised cost mainly include notes receivable, accounts receivable, other receivables, debt investments, long-term receivables, short-term borrowings, accounts payable, long-term borrowings, bonds payable and long-term payables.

Except for financial assets and liabilities listed below, the carrying amount of other financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

	31 December 2025		31 December 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities -				
Long-term borrowings	25,835,719	24,876,571	27,682,117	27,086,587
Bonds payable	2,997,452	2,992,057	-	-
Total	28,833,171	27,868,628	27,682,117	27,086,587

The fair value of long-term borrowings is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows on the same terms, and categorised within Level 2 of the fair value hierarchy.

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) General information of the parent company

	Place of registration	Nature of business	Registered capital (thousand)	Shareholding (%)	Voting rights (%)
Electric Holdings	PRC Shanghai	Contracting, manufacturing, sales and service	1,248,122	43.20	43.20

The parent company and ultimate holding company of the Company is Electric Holdings.

(2) Information of subsidiaries

The general information and other related information of subsidiaries are set out in Note 7 (1).

(3) Information of joint ventures and associates

The general information and other related information of joint ventures and associates are set out in Note 5 (19) and Note 7 (2).

(4) Information of other related parties

	Related party relationships
Suzhou Thvow Technology Co., Ltd.	Controlled by the parent company
Wuhu Highly Marelli Automotive Thermal Management System Co., Ltd.	Controlled by the parent company
Wuhu Highly Property Management Co., Ltd.	Controlled by the parent company
Wuhu Highly New Energy Technology Co., Ltd.	Controlled by the parent company
Mianyang Highly Electrical Appliances Co., Ltd.	Controlled by the parent company
Highly Marelli Automotive Systems Co., Ltd.	Controlled by the parent company
Highly Marelli (Wuxi) Automotive Thermal Management System Co., Ltd.	Controlled by the parent company
Highly Marelli (Nantong) Automotive Air Conditioning Compressor Co., Ltd.	Controlled by the parent company
Hangzhou Fusheng Electrical Appliance Co., Ltd.	Controlled by the parent company
Anwha (Shanghai) Automation Engineering Co., Ltd.	Controlled by the parent company
Zhanghuaji (Suzhou) Heavy Equipment Co., Ltd.	Controlled by the parent company
Pacific Mechatronic (Group) Co., Ltd.	Controlled by the parent company
Thar Coal Field No. 1 Area Power Generation Co., Ltd.	Controlled by the parent company
Nanchang Highly Electrical Appliances Co., Ltd.	Controlled by the parent company
Sino Sindh Resources (Pvt.) Ltd.	Controlled by the parent company
China National Machinery Power Engineering Co., Ltd.	Controlled by the parent company
Shanghai Heavy Machinery Plant Co., Ltd.	Controlled by the parent company

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONT'D)

(4) Information of other related parties(Cont'd)

	<u>Related party relationships</u>
Shanghai Marine Crankshaft Co., Ltd.	Controlled by the parent company
Shanghai Automation Instrumentation Co., Ltd.	Controlled by the parent company
Shanghai Lianhe Wood Industry Co., Ltd.	Controlled by the parent company
Shanghai Electric Group Hong Kong Co., Ltd.	Controlled by the parent company
Shanghai Electric Light Industry Asset Management Co., Ltd.	Controlled by the parent company
Shanghai Electric Light Industry Tools Co., Ltd.	Controlled by the parent company
Shanghai Electric Property Co., Ltd.	Controlled by the parent company
Shanghai Electric International Economic & Trading Co., Ltd.	Controlled by the parent company
Shanghai Electric Enterprise Development Co., Ltd.	Controlled by the parent company
Shanghai Electric Human Resources Co., Ltd.	Controlled by the parent company
Shanghai Electric (Group) Talent Development Centre	Controlled by the parent company
Shanghai Highly Foundry Co., Ltd.	Controlled by the parent company
Shanghai Highly Electrical Appliances Co., Ltd.	Controlled by the parent company
Shanghai Highly Special Cooling Equipment Co., Ltd.	Controlled by the parent company
Shanghai Highly New Energy Technology Co., Ltd.	Controlled by the parent company
Shanghai Highly (Group) Co., Ltd.	Controlled by the parent company
Shanghai Enamel Stainless Steel Products Joint Co., Ltd	Controlled by the parent company
Shanghai Shuang'ai Property Management Co., Ltd.	Controlled by the parent company
Shanghai Beiji Building Materials Market Management Co., Ltd.	Controlled by the parent company
Shanghai Refrigeration Machine Works Co., Ltd.	Controlled by the parent company
Shanghai Gongxin Investment Management Co., Ltd.	Controlled by the parent company
Shanghai Hero Industrial Co., Ltd.	Controlled by the parent company
Shanghai Electric Bearing Co., Ltd.	Controlled by the parent company
Yumen XinNeng No.1 Electric Power Co., Ltd	Controlled by the parent company
Shanghai Di'an Investment Management Co., Ltd.	Other related enterprises
Shanghai Paibo Zhidian Enterprise Management Co., Ltd.	Other related enterprises
Shanghai Micro Electronics Equipment (Group) Co., Ltd.	Other related enterprises
Shanghai Target Investment Management Co., Ltd.	Other related enterprises
Shanghai Dalong Machinery Plant Co., Ltd.	Other related enterprises
Tianjin Qingyuan Water Treatment Technology Co., Ltd.	Other related enterprises
Shanghai 800 Show Co. Ltd.	Other related enterprises

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONT'D)

(5) Related party transactions

The pricing on transactions between the Group and related parties is based on market prices of similar products or businesses.

(a) Purchase and sales of goods, and rendering and receipt of services

Purchase of goods and receipt of services from related parties:

	For the year ended 31 December 2025	For the year ended 31 December 2024
Companies controlled by the parent company	193,639	210,954
Associates	2,420,654	3,662,897
Other related enterprises	856,261	62,683
Total	3,470,554	3,936,534

Sales of goods and rendering of services to related parties:

	For the year ended 31 December 2025	For the year ended 31 December 2024
Electric Holdings	196,168	287,253
Companies controlled by the parent company	341,504	265,324
Joint ventures	6,068	2,579
Associates	367,984	1,995,443
Other related enterprises	182,324	222,327
Total	1,094,048	2,772,926

Construction income from related parties:

	For the year ended 31 December 2025	For the year ended 31 December 2024
Companies controlled by the parent company	-	25,287

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONT'D)

(5) Related party transactions (Cont'd)

(b) Leases of related parties

The Group as the lessor:

Lease income:	Rental income of 2025	Rental income of 2024
Companies controlled by the parent company	153,610	176,890
Joint ventures	7,381	7,068
Associates	50,118	18,013
Other related enterprises	2,343	26,518
Total	213,452	228,489

Right-of-use assets leased in the current year with the Group as the lessee:

	Type of the leased asset	For the year ended 31 December 2025	For the year ended 31 December 2024
Companies controlled by the parent company	Buildings	20,790	19,372
Associates	Buildings	11,391	-
Total	Buildings	32,181	19,372

(c) Loans from related parties to the Group:

	For the year ended 31 December 2025	For the year ended 31 December 2024
Electric Holdings	159,100	101,600

(d) Loans from the Group to related parties and interest incurred:

	For the year ended 31 December 2025	For the year ended 31 December 2024
Companies controlled by the parent	2,198	635
Other related parties	-	7
Joint ventures	-	101,480
Total	2,198	102,122

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONT'D)

(5) Related party transactions (Cont'd)

(e) Loans repaid by the Group to related parties:

	For the year ended 31 December 2025	For the year ended 31 December 2024
Electric Holdings	-	71,600
Companies controlled by the parent company	-	205,212
Total	-	276,812

(f) Borrowing guarantees provided by the Group to related parties

	31 December 2025		31 December 2024	
	Cap amount	Actual amount	Cap amount	Actual amount
Thar Coal Field No. 1 Area Power Generation Co., Ltd.	775,791	692,641	901,233	901,233
Tianjin Qingyuan Water Treatment Technology Co., Ltd.	253,000	76,485	253,000	160,730
China National Machinery Power Engineering Co., Ltd.	-	-	128,000	37,200
Suzhou Thvow Technology Co., Ltd.	-	-	104,000	94,000
Yumen Xinneng CSP No.1 Electric Power Co., Ltd.	100,000	-	100,000	67,000
Nabtesco (China) Precision Machine Co., Ltd.	-	-	18,308	18,308

(g) Borrowing guarantees provided by related parties to the Group

Communication Company, a subsidiary of the Group, entered into the Contract for Syndicated Loans of RMB One Billion One Hundred and Eighty-eight Million ("Host Contract") with Shanghai Pudong Development Bank Co., Ltd. Fengxian Sub-branch ("Guarantee Agency"), Postal Savings Bank of China Co., Ltd. Shanghai Putuo Sub-branch, Bank of Communications Co., Ltd. Shanghai Branch, Bank of Ningbo Co., Ltd. Shanghai Branch, Bank of Jiangsu Co., Ltd. Shanghai Fengxian Sub-branch, China CITIC Bank Corporation Limited Shanghai Branch and Bank of Hangzhou Co., Ltd. Shanghai Branch (collectively the "Syndicate" or "Lenders"). As the guarantor, the Group's parent company Electric Holdings concluded the Guarantee Contract for Syndicated Loans of RMB One Billion Two Hundred and One Million ("Guarantee Contract") with the Syndicate and Communication Company, in which Electric Holdings has affirmed that where Communication Company fails to fulfil debt obligations as per the Host Contract, the Guarantee Agency (on behalf of all Lenders) has the right to request all or any of guarantors under the Guarantee Contract to assume full guarantee liabilities within the scope of the contract, regardless of whether each Lender is entitled to other warranty for the debts in relation to the Host Contract (including but not limited to the form of guarantee, mortgage and pledge). However, the Guarantee Agency has no right to force other warrantors or guarantors to bear warranty liabilities. The guarantee period ends three years after the expiry of the debt obligations.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONT'D)

(5) Related party transactions (Cont'd)

(h) Remuneration of key management

	For the year ended 31 December 2025	For the year ended 31 December 2024
Directors	5,292	5,103
Supervisors	-	2,278
Senior management	7,214	9,419
Total	12,506	16,800

(6) Amounts due from/to related parties

(a) Receivables

	Related parties	31 December 2025		31 December 2024	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Electric Holdings	35,531	822	34,882	674
	Companies controlled by the parent company	1,271,656	31,891	1,351,280	123,201
	Joint ventures	5,895	-	1,333	-
	Associates	566,868	49,585	574,846	49,800
	Other related enterprises	47,412	2,521	47,277	2,418
	Total	1,927,362	84,819	2,009,618	176,093
Notes receivable	Companies controlled by the parent company	7,161	-	2,471	-
	Associates	-	-	54,253	-
	Total	7,161	-	56,724	-
Other receivable	Companies controlled by the parent company	333,202	1,646	607,638	1,646
	Joint ventures	56,903	-	39,038	-
	Associates	325,861	280,511	442,267	233,933
	Other related enterprises	51,564	51,414	-	-
	Total	767,530	333,571	1,088,943	235,579

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONT'D)

(6) Amounts due from/to related parties(Cont'd)

(a) Receivables(Cont'd)

		31 December 2025		31 December 2024	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Related parties					
Contract assets	Companies controlled by the parent company	833,073	5,604	1,017,401	7,079
	Associates	686,480	9,709	68,636	1,005
	Other related enterprises	59,434	832	28,920	973
	Total	1,578,987	16,145	1,114,957	9,057
Other non-current assets - Contract assets	Electric Holdings	7,068	-	12,124	34
	Companies controlled by the parent company	13,247	2	31,717	98
	Other related enterprises	113,082	1,538	118,874	7,284
	Total	133,397	1,540	162,715	7,416
Long-term receivables (including the current portion)	Joint ventures	1,897,204	762,959	1,824,821	604,617

As at 31 December 2025 and 31 December 2024, the aforesaid balances of long-term receivables represented borrowing to related parties, which were in Stage 2.

		31 December 2025		31 December 2024	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Related parties					
Prepayments	Companies controlled by the parent company	96,198	-	47,494	-
	Associates	149,182	-	118,509	-
	Other related enterprises	836,557	-	858,277	-
	Total	1,081,937	-	1,024,280	-
Dividends receivable	Associates	-	-	27,475	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONT'D)

(6) Amounts due from/to related parties (Cont'd)

(b) Payables

	Related parties	31 December 2025	31 December 2024
Accounts payable	Companies controlled by the parent company	149,068	121,402
	Joint ventures	-	1,306
	Associates	254,926	297,656
	Other related enterprises	45,832	69,684
		<u>449,826</u>	<u>490,048</u>
Notes payable	Companies controlled by the parent company	13,666	12,703
	Joint ventures	655	75
	Associates	374,612	480,472
		<u>388,933</u>	<u>493,250</u>
Contract liabilities	Electric Holdings	149,066	2,804
	Companies controlled by the parent company	16,595	113,581
	Associates	19,729	21,648
	Other related enterprises	57,891	51,088
		<u>243,281</u>	<u>189,121</u>

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONT'D)

(6) Amounts due from/to related parties (Cont'd)

(b) Payables (Cont'd)

		Related parties	31 December 2025	31 December 2024
Other payables	Electric Holdings		10,851	1,463,275
	Companies controlled by the parent company		51,625	4,814
	Associates		8,896	4,731
	Other related enterprises		54,618	53,675
			125,990	1,526,495
Current portion of long-term payables	Companies controlled by the parent company		328	328
	Associates		48,660	46,313
			48,988	46,641
Long-term payables	Electric Holdings		383,450	224,350
Lease liabilities	Companies controlled by the parent company		22,965	37,200

Receivables from and payables to related parties are non-interest-bearing and not guaranteed.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONT'D)

(7) Deposit and loan services provided by the Finance Company to related parties

(a) Deposits from customers

	31 December 2025	31 December 2024
Electric Holdings	2,935,472	3,129,861
Companies controlled by the parent company	3,014,170	4,030,301
Associates	11,091	14,728
Other related enterprises	32,362	13,410
Total	5,993,095	7,188,300

(b) Interest costs

	For the year ended 31 December 2025	For the year ended 31 December 2024
Electric Holdings	36,554	38,111
Companies controlled by the parent company	35,662	49,729
Associates	22	26
Other related enterprises	31	212
Total	72,269	88,078

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONT'D)

(7) Deposit and loan services provided by the Finance Company to related parties(Cont'd)

(c) Loans

	31 December 2025		31 December 2024	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Electric Holdings	7,597,500	179,598	3,861,750	90,546
Companies controlled by the parent company	4,229,030	173,176	7,002,635	325,108
Total	11,826,530	352,774	10,864,385	415,654

(d) Discounting

	For the year ended 31 December 2025	For the year ended 31 December 2024
Companies controlled by the parent company	7,945	-

(e) Interest income from loans and discount of notes

	For the year ended 31 December 2025	For the year ended 31 December 2024
Electric Holdings	140,645	116,075
Companies controlled by the parent company	154,217	236,790
Associates	-	572
Total	294,862	353,437

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

11 COMMITMENTS AND CONTINGENCIES

(1) Capital commitments

	31 December 2025	31 December 2024
Contracted	776,424	790,969
Authorised but not contracted	121,790	152,990
Total	898,214	943,959

(2) Investment commitments

	31 December 2025	31 December 2024
Contracted but not fulfilled	973,423	718,137

(3) Contingencies

In June 2008, the Company signed the Equipment Supply and Service Contract with an Indian buyer to provide major equipment and related services to a coal-fired power station project in Sasan, India, with a total contract amount of USD1,311 million, and a guarantee letter from its related parties (“the Guarantor”) was provided for the payment obligations under the contract.

In December 2019, due to long-term default in the payment of equipment expenses and other related expenses by the buyer, the Company submitted an arbitration application to the Singapore International Arbitration Centre (“SIAC”), requiring the guarantor to pay the Company at least USD 135 million of equipment expenses and other related payables (“Arbitration I”) as prescribed in the guarantee letter, and in December 2020, the Company submitted an application to the High Court of India for property preservation of the Guarantor, the court has granted the Company a temporary property preservation order.

In August 2021, the Company received a lawsuit (“Lawsuit I”) filed by the operator of the coal-fired power plant project in the High Court of Bombay, India, in which the operator simultaneously sued the general contractor of the project, the buyer (related parties of the operator) and the Company, seeking joint liabilities from all defendants for losses of approximately RMB 2,133 million.

In December 2021, the Company received a notice (“Arbitration II”) from SIAC for the acceptance of the arbitration application from the buyer of the above-mentioned project, where they asserted quality issues with the equipment supplied by the Company on the project, claiming for losses of approximately USD 389 million from the Company, including damages due to the project operator for loss of plant operations and tariff revenue totalling USD 324 million, maintenance costs of USD 31 million, liquidated damages for delay in equipment delivery of US 34 million, and interest, etc. The buyer also believed that the project’s performance bond was unjustifiably released and requested the Company to issue a performance bond of USD 120 million to secure its claim.

In July 2022, the High Court of Bombay in India dismissed the Lawsuit I on the grounds that the plaintiff did not satisfy the conditions of the lawsuit and failed to amend the petition within the prescribed time.

11 COMMITMENTS AND CONTINGENCIES (CONT'D)

(3) Contingencies (Cont'd)

In December 2022, the Company received an award from the SIAC in relation to Arbitration I. The award is as follows: the Guarantor is ordered to pay to the Company a total of USD 146 million, including the outstanding amount of the construction work, pre-award interest and other legal fees; the Guarantor is ordered to pay to the Company post-award interest on the amount of the award from 28 days after the award was rendered to the date of payment; and the guarantor was awarded 85% of the final arbitration costs. As of the date of this financial report, the Company has not yet received these payments.

In May 2023, the Company formally initiated proceedings for the recognition and enforcement of the Arbitration I award in the High Court of Delhi, India and received a notice from the Singapore International Commercial Court (“SICC”) that the buyer had filed an application to the SICC for withdrawal of SIAC's Arbitration I award. The application was accepted by the SICC.

On 31 January 2024, the Company received a notice from the SICC that the SICC had rendered a judgement dismissing the buyer's application for withdrawal of the Arbitration I award and also ordered the buyer to pay the relevant litigation costs for this case to the Company. On 3 March 2024, the Company was notified that the guarantor had lodged an appeal with the Singapore Court of Appeal seeking to set aside the SICC 's judgment. The appeal has been formally accepted for hearing by the Singapore Court of Appeal. On 31 July 2024, the Singapore Court of Appeal ruled that the appeal filed by the Guarantor should be dismissed and that the Guarantor should be ordered to pay to the Company the relevant litigation costs in this case.

In March 2024, the Company obtained a final court order from the Delhi High Court of India regarding asset preservation measures. The order prohibits the Guarantor from using their assets for external financing and mandates that, in the event of asset disposal (e.g., through auction), the proceeds shall first satisfy bank liabilities, with any remaining funds prioritized to repay debts owed to the Company.

As of the issue date of this financial report, Arbitration I is pending enforcement and Arbitration II has not yet been concluded. Based on written legal opinions from external lawyers, management believed that it was unlikely that SIAC would uphold the claims against the Company and thus no provisions were made for the lawsuits.

Except for the above lawsuits, as at 31 December 2025, the Group's contingent liabilities arising from other pending lawsuits and arbitration cases amounted to RMB 2,022,618 thousand. Since management believes that the opponent's claim is less likely to be supported, no provision is made for estimated liabilities for the sued case (31 December 2024: RMB124,907 thousand).

As at 31 December 2025, the upper limit of loan guarantees to be provided by the Group for related parties was RMB1,128,791 thousand while the balance of loan guarantees already provided by the Group was RMB769,126 thousand (31 December 2024: RMB1,278,471 thousand) (Note 10 (5)), and provided counter-guarantees to Electric Holdings in an amount not expected to exceed USD110 million (equivalent to RMB776 million) (Note 10 (5)). No bank acceptances were issued for related parties during the current year (31 December 2024:Nil).The Group recognised the above-mentioned related provisions of RMB105,508 thousand (Note 5 (43)).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

12 EVENTS AFTER THE BALANCE SHEET DATE

As at 30 March 2026, according to the profit distribution plan proposed by the Board of Directors of the Company, based on the total share capital of the Company as of the equity registration date for profit distribution implementation, a cash dividend of RMB0.1425 per 10 shares (inclusive of tax) will be distributed, i.e. a cash dividend of RMB 0.01425 per share (inclusive of tax) will be distributed. If the total number of shares changes between the announcement date and the implementation date of the profit distribution proposal, the distribution ratio shall remain unchanged, and the final distribution shall be based on the actual total number of shares outstanding as of the registration date for profit distribution implementation, determined in connection with the profit distribution plan for 2025. The above profit distribution proposal will be implemented upon approval by the Company's shareholders' meeting.

On March 26, 2026, the Company issued its first and second tranches of 2026 Innovation and Technology Bonds (M&A), each with a issuance size of RMB 2 billion and a term of 3 years.

13 AS THE LESSOR UNDER FINANCE LEASE

As at 31 December 2025, unrealised financing income amounted to RMB823,858 thousand (31 December 2024: RMB848,263 thousand), which was amortised by using the effective interest method over the leasing period. According to the lease contracts signed with the lessee, the minimum leases receipts under irrevocable leases are as follows:

According to the leasing contract with the tenants, total future minimum lease receipts (undiscounted) are as follows:

	31 December 2025	31 December 2024
Within 1 year (inclusive)	1,600,582	1,821,197
1 to 2 years (inclusive)	524,625	564,677
2 to 3 years (inclusive)	383,313	483,474
Over 3 years	802,032	966,243
	<u>3,310,552</u>	<u>3,835,591</u>
Less: unrealised financing income	<u>823,858</u>	<u>848,263</u>
Net investment in the lease	<u>2,486,694</u>	<u>2,987,328</u>

14 OTHER SIGNIFICANT MATTERS

(1) Segment reporting

(a) Operating segment

The Group's businesses are organised and managed separately based on business nature and the products and services provided. Each operating segment of the Group is a business group, which, distinctive from other operating segments, has its own risks in products and services and gains its own rewards.

Information of each operating segment is summarised as follows:

- (i) Energy equipment business segment: design, manufacture and sales of nuclear power equipment, energy storage equipment, coal-fired power generation and auxiliary equipment, gas power generation equipment, wind power equipment, hydrogen equipment, photovoltaic equipment and high-end chemical equipment; provision of power grid and industrial intelligent power supply system solutions;
- (ii) Industrial equipment business: design, manufacture and sales of elevators, large and medium-sized electric motors, intelligent manufacturing equipment, industrial basic parts and construction industrialisation equipment;
- (iii) Integrated service business segment: provision of energy, environmental protection and automation engineering and services, including all kinds of traditional and new energy, comprehensive utilisation of solid waste, sewage treatment, flue gas treatment, and rail transit; provision of industrial Internet services; provision of financial services, including corporate finance, financial leasing, commercial factoring, asset management and insurance brokerage; provision of park and property management services based on industrial real estate.

Management monitors the results of the business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on reported segment profit. Segment profit is an indicator of adjusted total profit, which is consistent with the Group's total profit but excludes interest income, financial expenses, dividend income, gains on changes in fair value of financial instruments and expenses of headquarters.

Financial assets held for trading, derivatives, dividends receivable, interest receivable, long-term equity investments, debt investments, other debt investments, investment in other equity instruments, other non-current financial assets, deferred tax assets and other undistributed assets of headquarters, which are under the unified management of the Group, are not included in segment assets.

Financial liabilities held for trading, derivatives, dividends payable, interest payable, borrowings, income tax expenses payable, deferred tax liabilities and other undistributed liabilities of headquarters, which are under the unified management of the Group, are not included in segment liabilities.

The transfer pricing between operating segments is determined based on the fair market prices adopted in transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

14 OTHER SIGNIFICANT MATTERS (CONT'D)

(1) Segment information (Cont'd)

(a) Operating segment (Cont'd)

For the year ended 31 December 2025	Energy equipment	Industrial equipment	Integration service	Others	Unallocated	Inter- segment elimination	Total
Revenue	75,024,361	38,074,104	20,649,200	81,221	148,635	(7,298,935)	126,678,586
Including: Revenue from external customers	72,826,146	36,897,590	16,891,360	37,812	25,678	-	126,678,586
Inter-segment revenue	2,198,215	1,176,514	3,757,840	43,409	122,957	(7,298,935)	-
Operating cost	61,191,570	31,899,243	18,352,564	56,017	871	(7,538,432)	103,961,833
Credit impairment losses	(978,072)	390,316	815,007	(2,224)	215,008	590,639	1,030,674
Asset impairment losses	1,027,402	(231,028)	625,776	(1)	784,493	(817,658)	1,388,984
Depreciation and amortisation	1,646,074	853,037	818,376	38,730	179,794	-	3,536,011
Financial expenses	-	-	-	-	830,167	-	830,167
Share of profit of associates and joint ventures	-	-	-	-	1,768,865	-	1,768,865
Operating profit/(loss)	4,428,348	1,054,106	(225,771)	(229,113)	1,271,634	(1,351,812)	4,947,392
Non-operating income and expenses							74,520
Total profit							5,021,912
Assets and liabilities							
Total assets	235,755,447	62,520,522	162,546,245	741,449	13,324,354	(149,517,251)	325,370,766
Total liabilities	194,236,681	48,573,240	132,759,403	440,663	6,094,367	(136,640,342)	245,464,012
Non-cash expenses other than depreciation and amortisation	2,618,298	233,313	220,543	-	-	-	3,072,154
Increase in non-current assets	4,950,166	1,474,089	3,585,639	24,366	32,271	-	10,066,531

14 OTHER SIGNIFICANT MATTERS (CONT'D)

(1) Segment information (Cont'd)

(a) Operating segment (Cont'd)

For the year ended 31 December 2024	Energy equipment	Industrial equipment	Integration service	Others	Unallocated	Inter- segment elimination	Total
Revenue	61,758,147	38,648,849	20,734,713	96,880	119,611	(5,172,084)	116,186,116
Including: Revenue from external customers	61,449,391	37,246,687	17,462,487	22,674	4,877	-	116,186,116
Inter-segment revenue	308,756	1,402,162	3,272,226	74,206	114,734	(5,172,084)	-
Operating cost	49,599,554	32,200,096	17,899,155	66,587	952	(5,142,167)	94,624,177
Credit impairment losses	735,756	374,036	495,121	(100)	(366,623)	(172,950)	1,065,240
Asset impairment losses	1,353,451	377,371	389,585	6	104,598	(26,002)	2,199,009
Depreciation and amortisation	1,268,503	831,730	919,341	40,384	227,881	-	3,287,839
Financial expenses	-	-	-	-	554,347	-	554,347
Share of profit of associates and joint ventures	-	-	-	-	1,331,529	-	1,331,529
Operating profit/(loss)	2,010,652	934,501	(392,969)	(281,854)	1,162,921	268,533	3,701,784
Non-operating income and expenses							37,961
Total profit							3,739,745
Assets and liabilities							
Total assets	159,151,682	63,615,986	146,020,551	895,498	11,545,803	(78,724,532)	302,504,988
Total liabilities	117,035,141	44,912,442	113,907,585	243,779	9,712,011	(60,686,289)	225,124,669
Non-cash expenses other than depreciation and amortisation	1,875,981	165,154	184,208	-	-	-	2,225,343
Increase in non-current assets	3,481,209	740,286	3,150,210	46,294	36,146	-	7,454,145

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

14 OTHER SIGNIFICANT MATTERS (CONT'D)

(1) Segment information (Cont'd)

(b) Other information

Product and labour information

Revenue from external customers

	For the year ended 31 December 2025	For the year ended 31 December 2024
The Chinese mainland	108,052,391	97,597,356
Other countries and geographical areas	18,626,195	18,588,760
Total	<u>126,678,586</u>	<u>116,186,116</u>

Revenue from external customers is attributed to the region where corresponding customers come from.

Total non-current assets

	31 December 2025	31 December 2024
The Chinese mainland	75,704,207	68,575,613
Other countries and geographical areas	2,557,694	3,466,583
Total	<u>78,261,901</u>	<u>72,042,196</u>

Non-current assets, excluding financial assets and deferred tax assets, are attributed to the region where the assets are located in.

Information about major customers

In 2025 and 2024, there was no single customer of the Group whose revenue exceeded 10% of the Group's revenue.

14 OTHER SIGNIFICANT MATTERS (CONT'D)

(2) Remuneration of directors and CEO

The remuneration of directors and chief executive officer for the year disclosed in accordance with the rules governing the listing of securities on the stock exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance are as follows:

The remuneration of each director and CEO in 2025 was as follows:

Name of Directors	Title	Fees	Salaries and benefits	Pension plan	Bonus	Total
Wu Lei	Executive Director and chairman of the Board	-	1,128	-	-	1,128
Zhu Zhaokai	Executive Director and president	-	1,550	-	-	1,550
Wang Chenhao	Employee Director	-	993	-	-	993
Lu Wen	Non-executive Director	-	-	-	-	-
Zhu Jiaqi	Non-executive Director	-	-	-	-	-
Liu Yunhong	Independent non-executive Director	250	-	-	-	250
Du Zhaohui	Independent non-executive Director	250	-	-	-	250
Chen Xinyuan	Independent non-executive Director	21	-	-	-	21
Jin Xiaolong	Vice president	-	1,073	-	-	1,073
Xiao Weihua	Vice president	-	870	-	-	870
Jia Tinggang	Vice president	-	870	-	-	870
Qiu Jiayou	Vice president	-	221	-	-	221
Hu Xupeng	Vice president and secretary to the Board	-	530	-	-	530
Wei Xudong	Chief financial officer	-	237	-	-	237
Qiao Yinping	Chief operating officer	-	510	-	-	510
Zhang Yan	Chief auditor, general counsel and chief compliance officer	-	1,240	-	-	1,240
Dong Jianhua	Executive Director and vice president (resigned)	-	850	-	-	850
Shao Jun	Non-executive Director (resigned)	-	-	-	-	-
Xu Jianxin	Independent non-executive Director (resigned)	250	-	-	-	250
Yang Hong	Vice president (resigned)	-	650	-	-	650
Fu Min	Chief financial officer and secretary to the Board (resigned)	-	791	-	-	791
Tong Liping	Chief legal officer (resigned)	-	222	-	-	222
Total		771	11,735	-	-	12,506

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

14 OTHER SIGNIFICANT MATTERS (CONT'D)

(2) Remuneration of directors and CEO (Cont'd)

The remuneration of each director, supervisor and CEO in 2024 was as follows:

Name of Directors	Title	Fees	Salaries and benefits	Pension plan	Bonus	Total
Wu Lei	Director and chairman of the Board	-	724	-	-	724
Zhu Zhaokai	Director	-	1,439	-	-	1,439
Dong Jianhua	Director and vice president	-	1,374	-	-	1,374
Shao Jun	Director	-	-	-	-	-
Lu Wen	Director	-	-	-	-	-
Xu Jianxin	Independent director	250	-	-	-	250
Liu Yunhong	Independent director	250	-	-	-	250
Du Zhaohui	Independent director	104	-	-	-	104
Xu Jianguo	Supervisor	-	-	-	-	-
Guo Haohuan	Supervisor	-	-	-	-	-
Yuan Shengzhou	Supervisor (employee representative)	-	941	-	-	941
Jin Xiaolong	Vice president	-	1,381	-	-	1,381
Yang Hong	Vice president	-	1,380	-	-	1,380
Xiao Weihua	Vice president	-	378	-	-	378
Jia Tinggang	Vice president	-	378	-	-	378
Fu Min	Finance director and secretary to the Board	-	1,140	-	-	1,140
Zhang Yan	Chief auditor and chief compliance officer	-	800	-	-	800
Liu Ping	Director and president (resigned)	-	774	-	-	774
Yao Minfang	Director (resigned)	-	-	-	-	-
Li An	Director (resigned)	-	-	-	-	-
Xi Juntong	Independent director (resigned)	188	-	-	-	188
Cai Xiaoqing	Supervisor and chairman of the supervisory committee (resigned)	-	1,337	-	-	1,337
Han Quanzhi	Supervisor (resigned)	-	-	-	-	-
Chen Ganjin	Vice president (resigned)	-	617	-	-	617
Gu Zhiqiang	Chief economist (resigned)	-	1,217	-	-	1,217
Zhou Zhiyan	Chief financial officer and secretary to the Board (resigned)	-	798	-	-	798
Tong Liping	Chief legal officer (resigned)	-	1,330	-	-	1,330
Total		792	16,008	-	-	16,800

14 OTHER SIGNIFICANT MATTERS (CONT'D)

(2) Remuneration of directors and CEO (Cont'd)

	Provide director services for the Company or its subsidiaries		Total	
	For the year ended 31 December 2025	For the year ended 31 December 2024	For the year ended 31 December 2025	For the year ended 31 December 2024
Directors' remuneration	5,292	5,103	5,292	5,103

In 2025, no director waived any remuneration (2024: Nil).

Director's retirement benefits

In 2025, the Group provided no retirement benefits arising from provision of director services (2024: Nil), and no retirement benefits arising from provision of other services (2024: Nil).

Consideration paid to third parties in return for director services

In 2025, the Company made no payments to the company where a director of the Company had previously served (2024: Nil).

Loans, quasi-loans and other transactions provided to directors, legal persons controlled by directors, and associated persons of directors

In 2025, the Group did not provide loans and quasi-loans to directors, legal persons controlled by directors and associated persons of directors (2024: Nil), or did not provide guarantees for loans from directors, legal persons controlled by directors and associated persons of directors (2024: Nil).

Substantial interests of directors in transactions, arrangements or contracts

In 2025, the Company did not sign with other parties any important transactions, arrangements or contracts related to the Group's business within which the directors of the Company directly or indirectly have substantial interests.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

14 OTHER SIGNIFICANT MATTERS (CONT'D)

(3) The five individuals whose remunerations are the highest

The five individuals whose remunerations were the highest in the Group for 2025 included 0 director(s) (2024: no director) whose remunerations were reflected in Note 10 (5). The remunerations payable to the remaining 5 (2024: 5) individuals during the year were as follows:

	For the year ended 31 December 2025	For the year ended 31 December 2024
Salaries	13,977	11,787
Housing subsidies	-	-
Bonus	593	527
Other benefits	-	-
Pension plan	501	464
Entry bonus	-	-
Severance compensation	-	6,698
Total	15,071	19,476

	Number of employees	
	For the year ended 31 December 2025	For the year ended 31 December 2024
Range of remuneration:		
HKD2,000,001 - HKD2,500,000	2	1
HKD2,500,001 - HKD3,000,000	1	1
HKD3,000,001 - HKD3,500,000	-	1
HKD3,500,001 - HKD4,000,000	-	-
HKD4,000,001 - HKD4,500,000	1	1
HKD4,500,001 - HKD5,000,000	1	-
HKD8,500,001 - HKD9,000,000	-	1

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

(1) Notes receivable

(a) Notes receivable by category

	31 December 2025	31 December 2024
Bank acceptance notes	173,966	311,889
Trade acceptance notes	22,373	44,643
	<u>196,339</u>	<u>356,532</u>
Less: Provision for bad debts	-	-
Total	<u>196,339</u>	<u>356,532</u>

As at 31 December 2025, the Company had no pledged notes receivable.

In 2025, the Company discounted bank acceptance notes for which substantially all the risks and rewards of ownership had been transferred to other parties, and the carrying amounts of the bank acceptance notes derecognised accordingly amounted to RMB1,321,682 thousand (2024: RMB1,759,650 thousand).

The Company has assessed that the notes receivable do not involve significant credit risk; accordingly, no provision for bad debts has been recognised.

(b) Notes receivable endorsed or discounted but remain unmatured as at the balance date

As at 31 December 2025, the Group's notes receivable endorsed or discounted but unmatured are as follows:

	Derecognised	Not derecognised
Bank acceptance notes	<u>304,519</u>	<u>2,754</u>

For the year ended 31 December 2025, the bank acceptance notes held by the Company were primarily held for collecting contractual cash flows. Certain subsidiaries endorsed or discounted a small portion of the receivable bank acceptance notes, which met the derecognition criteria. These subsidiaries continued to classify the remaining bank acceptance notes on their books as financial assets measured at amortized cost.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

(2) Accounts receivable

	31 December 2025	31 December 2024
Accounts receivable	7,511,401	8,464,732
Less: Provision for bad debts	2,755,801	3,226,121
Total	4,755,600	5,238,611

(a) Ageing analysis of accounts receivable

The overdue ageing of accounts receivable was analysed as follows:

	31 December 2025	31 December 2024
Not overdue	2,584,068	3,079,261
Overdue within 1 year	1,067,583	1,085,510
Overdue 1 to 2 years	789,054	398,515
Overdue 2 to 3 years	318,358	510,356
Overdue 3 to 4 years	491,683	514,910
Overdue 4 to 5 years	495,137	854,829
Overdue over 5 years	1,765,518	2,021,351
Total	7,511,401	8,464,732

The ageing of accounts receivable was analysed based on invoice date as follows:

	31 December 2025	31 December 2024
Within 1 year	2,989,006	3,322,311
1 to 2 years	753,084	480,763
2 to 3 years	365,999	649,619
3 to 4 years	511,219	455,063
4 to 5 years	360,588	911,471
Over 5 years	2,531,505	2,645,505
Total	7,511,401	8,464,732

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

(2) Accounts receivable (Cont'd)

(b) Disclosure by methods of provision for bad debts

For the year ended 31 December 2025	Book balance		Provision for bad debts		Net book value
	Amount	Proportion(%)	Amount	ECL rates(%)	
Individual provision for bad debts	2,134,986	28	1,934,717	91	200,269
Sovereign credit portfolio	972,995	13	373,192	38	599,803
Ageing grouping of accounts receivable by sector	4,403,420	59	447,892	10	3,955,528
Total	7,511,401	100	2,755,801		4,755,600

For the year ended 31 December 2024	Book balance		Provision for bad debts		Net book value
	Amount	Proportion(%)	Amount	ECL rates(%)	
Individual provision for bad debts	2,283,540	27	2,078,761	91	204,779
Sovereign credit portfolio	864,072	10	417,492	48	446,580
Ageing grouping of accounts receivable by sector	5,317,120	63	729,868	14	4,587,252
Total	8,464,732	100	3,226,121		5,238,611

As at 31 December 2025, accounts receivable with provision for bad debts made on the individual basis were analysed as follows:

	31 December 2025			Reason
	Book balance	Provision for bad debts	Lifetime ECL rates	
Accounts receivable 1	889,727	691,140	78	Partially uncollectable by estimation
Accounts receivable 2	470,874	470,874	100	Uncollectable by estimation
Others	774,385	772,703	100	Uncollectable by estimation
Total	2,134,986	1,934,717		

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

(2) Accounts receivable (Cont'd)

(b) Disclosure by methods of provision for bad debts (Cont'd)

As at 31 December 2025, accounts receivable grouped by age and sector were as follows:

	Book balance	Provision for bad debts	ECL rates
Not overdue	2,172,248	14,844	0.1%-3%
Overdue within 1 year	850,098	25,333	1%-10%
Overdue 1 to 2 years	323,416	24,741	3%-41%
Overdue 2 to 3 years	276,780	41,226	8%-78%
Overdue 3 to 4 years	415,269	90,378	10%-100%
Overdue 4 to 5 years	241,109	126,870	27%-100%
Overdue over 5 years	124,500	124,500	100%
Total	4,403,420	447,892	

(c) Provision for bad debts

Movements in provision for bad debts of accounts receivable are as follows:

	31 December 2025
Opening balance	3,226,121
Provision in the current year	140,253
Reversal in the current year	(577,588)
Write-off in the current year	(32,985)
Closing balance	2,755,801

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

(3) Other receivables

	31 December 2025	31 December 2024
Receivables from the Group's subsidiaries	10,167,641	10,005,613
Receivables from third parties	1,167,830	1,849,816
Receivables from associates	68,912	222,344
Dividends receivable	534,970	501,944
	<u>11,939,353</u>	<u>12,579,717</u>
Less: Provision for bad debts for other receivables	<u>8,925,978</u>	<u>8,711,874</u>
Total	<u>3,013,375</u>	<u>3,867,843</u>

The Company does not have any fund deposited at other parties under the centralised fund management and represented in other receivables.

Other receivables with provision for bad debts made on the individual basis were analysed as follows:

	31 December 2025			Reason
	Book balance	Provision for bad debts	ECL rates (%)	
Other receivables 1	7,985,269	7,985,269	100	(i)
Other receivables 2	489,763	489,763	100	(i)
Other receivables 3	263,929	70,000	27	(ii)
Other receivables 4	150,147	150,147	100	(iii)
Others	251,225	209,045	83	(ii)
Total	<u>9,140,333</u>	<u>8,904,224</u>		

(i) Uncollectable by estimation

(ii) Partially uncollectable by estimation

(iii) After considering the debtor's creditworthiness and relevant credit enhancement measures, it is expected that will be uncollectable.

Other receivables with provision for bad debts made on the grouping basis were in the Stage 1. As at 31 December 2025, the book balance of the above-mentioned other receivables was RMB 2,799,020 thousand (31 December 2024: RMB 3,241,518 thousand), and the provision for bad debt was RMB21,754 thousand (31 December 2024: RMB 21,356 thousand).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

(3) Other receivables(Cont'd)

Movements in provision for bad debts of other receivables on individual basis:

	Stage 3 Lifetime ECL
Opening balance	8,690,518
Provision in the current year	217,200
Reversal in the current year	(3,494)
Write-off in the current year	-
Closing balance	8,904,224

As at 31 December 2025, other receivables from top five debtors in respect of outstanding balance were analysed as follows:

	Closing balance	Proportion of the total balance of other receivables	Nature	Ageing	Closing balance of provision for bad debts
Shanghai Electric Communication Technology Co., Ltd	7,985,269	67%	Receivables from the Group's subsidiaries	Over 3 years	7,985,269
Shanghai Electric Engineering Design Co., Ltd.	644,512	5%	Receivables from related party loans	1 to 2 years	-
Shanghai Zhengshun Electric Co., Ltd.	489,763	4%	Purchase deposits	Over 3 years	489,763
Shanghai Electric Commercial Factoring Co., Ltd.	300,000	3%	Receivables from related party loans	Over 3 years	-
Shenzhen Benfu Trade Import & Export Co., Ltd.	263,929	2%	Purchase deposits	Over 3 years	70,000
Total	9,683,473	81%			8,545,032

(4) Long-term equity investments

	31 December 2025	31 December 2024
Subsidiaries (i)	56,468,572	62,836,750
Joint ventures (ii)	36,904	99,675
Associates (iii)	1,197,442	977,288
	57,702,918	63,913,713
Less: Provision for impairment of long-term equity investments	963,169	726,169
Total	56,739,749	63,187,544

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

(4) Long-term equity investments (Cont'd)

(a) Status of long-term equity investments

	Movements in the current year							31 December 2025	Closing balance of impairment allowance	Cash dividends declared in the current year
	31 December 2024	Opening balance of impairment allowance	New additions	Increase in investments	Decrease in investments	Provision for impairment	Others			
(i) Subsidiaries										
Shanghai Electric Wind Power Group Co., Ltd.	4,836,436	-	-	-	(156,947)	-	-	4,679,489	-	-
Shanghai Electric Industrial Co., Ltd.	4,654,510	-	-	-	(3,065,250)	-	-	1,589,260	-	32,000
Shanghai Electric Hong Kong Co., Ltd.	4,455,683	-	-	-	-	-	-	4,455,683	-	-
Shanghai Electric Nuclear Power Equipment Co., Ltd.	4,296,160	-	-	-	(2,000,000)	-	200,000	2,496,160	-	-
Shanghai Electric Group Shanghai Electric Machinery Co., Ltd.	3,502,642	-	-	-	(2,296,557)	-	-	1,206,085	-	-
Shanghai Electric Automation Group Co., Ltd.	4,757,452	-	-	450,000	-	-	-	5,207,452	-	-
Shanghai Electric Leasing Co., Ltd.	3,091,379	-	-	-	-	-	-	3,091,379	-	-
Shanghai Electric Investment Co., Ltd.	3,014,047	-	-	125,000	-	-	-	3,139,047	-	-
Shanghai Institute of Mechanical & Electrical Engineering Co., Ltd.	2,864,264	-	-	-	-	-	-	2,864,264	-	-
Shanghai Prime Mingyu Machinery Technology Co., Ltd.	2,690,416	-	-	-	-	-	-	2,690,416	-	38,576
Shanghai Electric Group Property Company Limited	2,222,211	-	-	-	-	-	-	2,222,211	-	160,553
Shanghai Mechanical & Electrical Industry Co., Ltd.	1,671,054	-	-	-	(174,012)	-	-	1,497,042	-	196,024
Shanghai Electric Group Finance Co., Ltd.	1,331,914	-	-	-	-	-	-	1,331,914	-	223,875
Shanghai Boiler Works Co., Ltd.	1,089,005	-	-	-	-	-	-	1,089,005	-	543,564
Shanghai Electric Science and Technology Venture Capital Co., Ltd.	1,090,360	-	-	-	-	-	-	1,090,360	-	-
Shanghai Electric Transmission and Distribution Group Co., Ltd.	1,017,870	-	-	-	-	-	-	1,017,870	-	-
Others	15,725,178	526,169	-	1,209,556	(459,968)	(237,000)	(200,000)	16,037,766	763,169	560,278
Total	62,310,581	526,169	-	1,784,556	(8,152,734)	(237,000)	-	55,705,403	763,169	1,754,870

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

(4) Long-term equity investments (Cont'd)

(a) Status of long-term equity investments (Cont'd)

	Movements in the current year								Closing balance of impairment allowance	
	Opening 31 December 2024	balance of impairment allowance	Increase / decrease in investments	Share of net profit/(loss) under equity method	Cash dividends declared	Loss of control with retained influence	Provision for impairment	Others		31 December 2025
(ii) Joint ventures										
Jinzhai Zhichu New Energy Technology Co., Ltd.	59,979	-	-	(59,979)	-	-	-	-	-	-
Shanghai Shendian Ludian Technology Development Co., Ltd.	39,696	-	-	(2,792)	-	-	-	-	36,904	-
Subtotal	99,675	-	-	(62,771)	-	-	-	-	36,904	-
(iii) Associates										
SEC Alstom (Shanghai Baoshan) Transformers Co., Ltd.	139,429	-	(98,730)	851	-	-	-	-	41,550	-
KSB Shanghai Pumps Co., Ltd.	131,483	-	-	16,459	(19,177)	-	-	-	128,765	-
SuZhou THVOW Technology. Co., Ltd.	-	-	428,040	8,601	-	-	-	-	436,641	-
Others	506,376	200,000	-	(132,967)	(2,923)	20,000	-	-	390,486	200,000
Subtotal	777,288	200,000	329,310	(107,056)	(22,100)	20,000	-	-	997,442	200,000
Total	876,963	200,000	329,310	(169,827)	(22,100)	20,000	-	-	1,034,346	200,000

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

(5) Capital surplus

	31 December 2024	Increase in the current year	Decrease in the current year	31 December 2025
Share premium	16,853,555	-	(260,313)	16,593,242
Effect of convertible bond on equity	3,381,592	-	-	3,381,592
Amount recorded in owners' equity arising from share-based payment arrangements	184,585	-	-	184,585
Others	173,104	-	-	173,104
Total	20,592,836	-	(260,313)	20,332,523

(6) Other comprehensive income

For the year ended 2025	1 January 2025	Changes	31 December 2025
Other comprehensive income items which will be reclassified to profit or loss	(30,627)	-	(30,627)
Differences on translation of foreign currency financial statements	-	(852)	(852)
Total	(30,627)	(852)	(31,479)

For the year ended 2024	1 January 2024	Changes	31 December 2024
Other comprehensive income items which will be reclassified to profit or loss	(30,627)	-	(30,627)

(7) Surplus reserve

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Statutory surplus reserve	2,639,825	24,611	-	2,664,436

According to the provisions of the Company Law and the Company's Articles of Association, the Company appropriates 10% of the profit to the statutory surplus reserves. Where the accumulated amount of the surplus reserves reaches 50% or more of the Company's registered capital, further appropriation is not required.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

(8) Accumulated losses

	For the year ended 31 December 2025	For the year ended 31 December 2024
Accumulated losses at the beginning of the year	(39,474)	(942,542)
Add: Net profit in the current year	285,583	903,068
Less: Appropriation of surplus reserve	24,611	-
Accumulated losses at the end of the year	221,498	(39,474)

(9) Revenue and operating cost

(a) Status of revenue and operating cost

	For the year ended 31 December 2025		For the year ended 31 December 2024	
	Revenue	Cost	Revenue	Cost
Main operations	13,670,612	13,692,555	14,736,818	14,395,328
Other operations	197,913	64,082	335,203	105,757
Total	13,868,525	13,756,637	15,072,021	14,501,085

Revenue from main operations refers to sales income from energy equipment, integration services, etc. Operating cost refers to cost of products related to main operations.

(b) Revenue breakdown

For the year ended 31 December 2025	Sale of goods	Construction services	Rendering of services	Others	Total
Place of business					
China	10,601,608	89,436	50,417	155,526	10,896,987
Other Asian countries/ geographical areas	13,831	2,730,574	-	-	2,744,405
Other regions	-	227,133	-	-	227,133
Total	10,615,439	3,047,143	50,417	155,526	13,868,525
Timing of revenue recognition					
Recognised at a point in time	10,615,439	-	8,030	-	10,623,469
Recognised over time	-	3,047,143	-	-	3,047,143
Revenue from other operations	-	-	42,387	155,526	197,913
Total	10,615,439	3,047,143	50,417	155,526	13,868,525

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

(9) Revenue and operating cost (Cont'd)

(b) Revenue breakdown(Cont'd)

For the year ended 31 December 2024	Sale of goods	Construction services	Rendering of services	Others	Total
Place of business					
China	11,488,712	474,307	125,239	229,343	12,317,601
Other Asian countries/ geographical areas	41,080	2,112,693	-	-	2,153,773
Other regions	157	600,490	-	-	600,647
Total	11,529,949	3,187,490	125,239	229,343	15,072,021
Timing of revenue recognition					
Recognised at a point in time	11,529,949	-	19,379	-	11,549,328
Recognised over time	-	3,187,490	-	-	3,187,490
Revenue from other operations	-	-	105,860	229,343	335,203
Total	11,529,949	3,187,490	125,239	229,343	15,072,021

(10) Investment income

	For the year ended 31 December 2025	For the year ended 31 December 2024
Income from long-term equity investments accounted for using the cost method	1,754,870	2,279,624
Income/(losses) from long-term equity investments accounted for using the equity method	(169,827)	341,004
Investment income/(losses) from disposal of subsidiaries	1,178,081	(2,741)
Investment income obtained during the holding of other non-current financial assets	9,803	9,341
Others	1,361	33,674
Total	2,774,288	2,660,902

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in RMB'000 Yuan unless otherwise stated)

1. Statement of non-recurring profit or loss

For the year ended 31 December 2025	Amount
Profit or loss from disposal of non-current assets, including reversal of previously recognised impairment losses	505,803
Government grants recognised in current profit or loss (excluding those closely related to normal operations that comply with national policies, have predetermined eligibility criteria, and generate sustained impacts)	817,315
Fair value changes and disposal profit or loss from financial assets and liabilities held by non-financial enterprises (except effective hedging transactions related to normal business operations)	(211,547)
Reversal of provision for impairment of receivables tested for impairment on the individual basis	355,366
Non-operating income and expenses other than aforesaid items	74,520
Other items of profit or loss conforming to the definition of non-recurring profit or loss	66,156
Effect of income tax	(310,791)
Effect of minority interests (net of tax)	(291,166)
Total	1,005,656

The Group recognises items of non-recurring gains and losses in accordance with the Explanatory Announcement for Information Disclosure by Companies Publicly Issuing Securities No. 1 - Non-recurring Gains and Losses (CSRC Announcement [2023] No.65).

2. Net assets income rate and earnings per share

	Weighted average net assets income rate	Earnings per share (RMB Yuan)	
		Basic	Diluted
For the year ended 31 December 2025			
Net profit attributable to ordinary shareholders of the Company	2.24%	0.078	0.078
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	0.37%	0.013	0.013
For the year ended 31 December 2024			
Weighted average net assets income rate			
Earnings per share (RMB Yuan)			
Basic			
Diluted			
Net profit attributable to ordinary shareholders of the Company	1.42%	0.048	0.048
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	-1.25%	(0.040)	(0.040)