



亿华通
SinoHytec

北京億華通科技股份有限公司
Beijing SinoHytec Co., Ltd.

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

Stock Code: 2402



ANNUAL REPORT
2025

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SECTION I DEFINITIONS

I. DEFINITIONS

In this report, unless the context otherwise requires, the following terms shall have the following meanings:

Definition of common terms

Company/SinoHytec	Beijing SinoHytec Co., Ltd.,
Board	the board of Directors of the Company
Director(s)	the director(s) of the Company
Supervisor(s)	the supervisor(s) of the Company
SinoFuelCell	Shanghai SinoFuelCell Co., Ltd., a non wholly-owned subsidiary of the Company
SinoHytec Hydrogen	Beijing SinoHytec Hydrogen Technology Co., Ltd., a non wholly-owned subsidiary of the Company
Zhangjiakou Haiper	Zhangjiakou Haiper New Energy Technology Co., Ltd., an associate of the Company
Toyota Sinohytec	Toyota Sinohytec Fuel Cell Co., Ltd., an associate of the Company
United Fuel Cell	United Fuel Cell System R&D (Beijing) Co., Ltd., an associate of the Company
Beiqi Foton	Beiqi Foton Motor Co., Ltd.
Yutong Bus	Yutong Bus Co., Ltd.
Ministry of Science and Technology	Ministry of Science and Technology of the People's Republic of China
MOF	Ministry of Finance of the People's Republic of China
MIIT	Ministry of Industry and Information Technology of the People's Republic of China
CSRC	China Securities Regulatory Commission
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
SSE	Shanghai Stock Exchange
STCSM	Science and Technology Commission of Shanghai Municipal
A Shares	A shares of the Company, with a nominal value of RMB1.00 each, which are listed on the SSE STAR Market and traded in RMB

SECTION I DEFINITIONS

H Shares	H shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended, supplemented or otherwise modified from time to time)
Listing Date	January 12, 2023, being the date on which the H Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
RMB	Renminbi, the lawful currency of the PRC
Shares	A Shares and H Shares
Shareholders	Holders of Shares
Articles of Association	the Articles of Association of Beijing SinoHytec Co., Ltd., currently in force
Company Law	Company Law of the PRC
Securities Law	Securities Law of the PRC
Reporting Period	the year ended December 31, 2025
fuel cell/hydrogen fuel cell	A power generation device that directly converts externally supplied fuel and chemical energy in oxidants into electricity, heat and other reactants through electrochemical reactions. The externally supplied fuel is hydrogen, while the oxidant is oxygen. Unless otherwise specified, the fuel cell system or hydrogen fuel cell or fuel cell mentioned in this report refers to proton-exchange membrane hydrogen fuel cell, a type of hydrogen fuel cell with perfluorosulfonic acid solid polymer as electrolyte
fuel cell vehicles/hydrogen fuel cell vehicles	vehicles with fuel cell system as the power source or main power source
fuel cell system/engine system/power system	the hydrogen storage and power generation compound system in fuel cell vehicles consists of stacks, air supply system, hydrogen supply system, cooling system, control system, hydrogen storage system, DC/DC and other components
stack	A combination of two or more monomer cells with common pipes and unified power output through a fastener structure
bipolar plates	stack parts, a conductive partition that collects electric current, separates oxidants and reducers and guides the flow of oxidants and reducers on the electrode surface of the battery

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PEM	membrane with proton as the conductive charge
catalyst	a substance that can produce an electric catalytic effect and does not enter the molecular composition of the final product itself. The catalyst in this report specifically refers to the catalyst in the membrane electrode module. Catalysts are typically tiny particles that are evenly coated on the proton exchange membrane. These tiny particles are typically carbon carriers and platinum particles, allowing hydrogen to be separated into hydrogen ions (hydrogen ions are the protons), so that hydrogen ions can react to the oxygen in the air through the proton exchange membrane
air compressor	air compressor, a device used to compress gas and increase gas pressure
DC/DC	DC-to-DC converter, in the application scenarios of fuel cell vehicles, is responsible for converting the DC voltage from fuel cell output to the working voltage of the vehicle-driven motor, forming a stable and controllable DC power supply with the fuel cell
rated power	the maximum continuous output power of fuel cell system under the normal operating conditions as specified by the state. The measurement unit of the rated power is kilowatt (kW)
freeze-start temperature	freeze-start temperature, which enables the fuel cell system start up when environmental temperature is lower than 0° C and refers to the start-up of a fuel cell system at a standard environmental temperature after a fully immersive vehicle
durable performance	a period that the fuel cell system can last when it works at a rated work point with power loss of 20%, measured in hours (h)
energy conversion efficiency	conversion of chemical energy in hydrogen into power output efficiency, the higher energy conversion efficiency, the more effective use of hydrogen
Hong Kong	Hong Kong Special Administrative Region of the PRC
RMB, RMB'000, RMB0,000, RMB00 million	Renminbi, Renminbi1,000, Renminbi10,000 and Renminbi100 million

Note: Any discrepancies between the sum of the data in the tables of the annual report and the sum shown are due to rounding.

SECTION II COMPANY PROFILE AND FINANCIAL HIGHLIGHTS

I. BASIC INFORMATION OF THE COMPANY

Chinese name of the Company	北京億華通科技股份有限公司
Abbreviation of the Chinese name	億華通
English name of the Company	Beijing SinoHytec Co., Ltd.
Abbreviation of the English name	SINOHYTEC
Legal representative of the Company	Zhang Guoqiang
Registered address of the Company	Room C701, 7th Floor, Block C, Building B-6, Dongsheng Science Park, Zhongguancun, No. 66, Xixiaokou Road, Haidian District, Beijing, the PRC
Principal place of business of the Company in Hong Kong	40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong
Historical change of the registered address of the Company	No change of registered address after the listing of the Company
Office address of the Company	Room C701, 7th Floor, Block C, Building B-6, Dongsheng Science Park, Zhongguancun, No. 66, Xixiaokou Road, Haidian District, Beijing, the PRC
Postal code of the office address of the Company	100192
Company website	http://www.sinohytec.com
E-mail	sinohytec@autoht.com

II. CONTACT PERSON AND CONTACT METHOD

	Secretary to the Board	Securities Affairs Representative
Name	Kang Zhi	Bao Xingzhu
Address	Room C701, 7th Floor, Block C, Building B-6, Dongsheng Science Park, Zhongguancun, No. 66, Xixiaokou Road, Haidian District, Beijing	Room C701, 7th Floor, Block C, Building B-6, Dongsheng Science Park, Zhongguancun, No. 66, Xixiaokou Road, Haidian District, Beijing
Telephone	86-10-62796418-821	86-10-62796418-821
Fax	010-62794725	010-62794725
E-mail	sinohytec@autoht.com	sinohytec@autoht.com

SECTION II COMPANY PROFILE AND FINANCIAL HIGHLIGHTS

III. INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Name and website of media for disclosure of A shares annual report	Shanghai Securities News (https://www.cnstock.com/) Securities Times (https://www.stcn.com/)
Website of the stock exchange for disclosure of annual report (A shares annual report)	www.sse.com.cn
Website of the stock exchange for disclosure of annual report (H shares annual report)	www.hkex.com.hk
Place for inspection of annual report (A shares annual report)	Company Board Office
Place for inspection of annual report (H shares annual report)	40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong

IV. PROFILE OF COMPANY STOCK/DEPOSITARY RECEIPTS

(I) Stock Profile of the Company

Profile of Stock				
Class of stock	Stock exchange and sector on which the shares are listed	Stock abbreviation	Stock code	Stock abbreviation before change
A shares	The SSE STAR Market	SinoHytec	688339	Nil
H shares	Main Board of the Hong Kong Stock Exchange	SINOHYTEC	02402	Nil

V. OTHER RELEVANT INFORMATION

Accounting firm engaged by the Company (Domestic)	Name	Beijing Xinghua Certified Public Accountants (Special General Partnership)
	Office Address	Room 2206, No. 18 Yumin Road, Xicheng District, Beijing
	Names of signing accountants	Tang Hongyu, Tan Zhe
Auditor engaged by the Company (Overseas)	Name	Beijing Xinghua Caplegend CPA Limited
	Office Address	1st Floor, GR8 Inno Tech Centre, No. 46 Tsun Yip Street, Kwun Tong, Hong Kong
	Name of signing accountant	Yeung Chun Wa Certified Public Accountants Registered Public Interest Entity Auditor

SECTION II

COMPANY PROFILE AND FINANCIAL HIGHLIGHTS

VI. FINANCIAL HIGHLIGHTS OF THE COMPANY FOR THE PAST FIVE YEARS

Unit: RMB'000

	For the year ended December 31,				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	258,537	366,671	800,702	738,117	629,369
Gross profit	54,651	1,715	248,511	283,439	238,419
Loss before income tax	-636,404	-528,339	-319,564	-236,317	-241,868
Loss for the year	-709,648	-537,029	-300,077	-194,726	-200,938
Loss per share attributable to shareholders of the Company for the year (RMB)	-2.67	-1.95	-1.48	-1.19	-1.63
Total assets	3,677,725	4,778,969	4,945,721	3,783,956	3,624,256
Total liabilities	1,508,144	1,935,624	1,538,578	1,040,039	731,378
Equity attributable to owners of the Company	1,978,330	2,561,034	3,044,852	2,342,103	2,502,637
Cash and cash equivalents	372,983	719,393	592,026	616,790	804,967

SECTION II COMPANY PROFILE AND FINANCIAL HIGHLIGHTS

VII. DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

(I) Difference Arising from the Net Profit and Net Assets Attributable to Shareholders of the Listed Company in the Financial Statements Disclosed Simultaneously Pursuant to the International Accounting Standards and the Domestic Accounting Standards

Unit: RMB'000

	Net profit attributable to shareholders of the listed company		Net assets attributable to shareholders of the Company	
	Amount of current period	Amount of last period	Closing balance	Opening balance
Amounts under Domestic Accounting Standards	-671,200	-456,433	1,978,330	2,561,033
Adjustments under International Accounting Standards:				
Accounting Treatment Differences in Recognising Safe Production Fund	87	2,487		
Accounting Treatment Differences in Recognising Reduction of Investment in Associates				
Accounting Treatment Differences in Recognising Reduction of Investment in an Associate (Without Change in Significant Influence)	32,454	2,148		
Accounting Treatment Differences in Recognising Change from Joint Ventures to Associates	20,162			
Amounts under International Accounting Standards	-618,496	-451,798	1,978,330	2,561,033

(II) Explanation on Difference between Overseas and Domestic Accounting Standards:

Special reserve includes safety production fee. Under the China Accounting Standards for Business Enterprises, safety production fee is included in production costs and as a special reserve within shareholders' equity when charged; expenses of a cost nature are charged directly against the special reserve when incurred; expenses of a capital nature are transferred to fixed assets upon completion, the special reserve is relieved against the cost of such fixed assets, accumulated depreciation is recognised in full, and no further depreciation is charged on such fixed assets in subsequent periods. Under IFRS, such expenses are recognised only when incurred, and any unutilised special reserve is treated as a provision for undistributed profits.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS OVERVIEW

(I) Market and Industry review

1. Development stage, basic characteristics and main technical threshold of the industry

As a type of secondary energy, hydrogen energy has the characteristics and advantages of diversified sources, zero emission, low carbon, easy storage and transportation, flexibility and efficiency. Hydrogen energy can be widely used in chemical, transportation, construction, energy storage, power generation and other fields. In response to the global environmental crisis, major economies around the world unanimously have decided to peak carbon emission and achieve carbon neutrality, and they have formulated their development strategy plan for the hydrogen energy industry at the national level. The development of hydrogen energy has become a global consensus.

Developing the hydrogen energy industry is one of the important ways to achieve China's strategic goals of carbon peaking and carbon neutrality, and has special strategic significance for improving China's energy structure, promoting low-carbon transformation in the transportation sector, and improving the international competitiveness and technological innovation of key industries. China attaches great importance to the development of hydrogen energy and fuel cell vehicles. In 2021, hydrogen energy was included into the "Outline of the Fourteenth Five-Year Plan for the National Economic and Social Development and the Long-Range Objectives Through the Year 2035" as a future-proof industry. The hydrogen energy industry thus became an important part of China's energy strategy. The strategic position of the hydrogen energy and fuel cell industry is clarified in the Medium-and Long-term Plan for the Development of Hydrogen Energy Industry (2021-2035), the Outline of the National Innovation-driven Development Strategy, the China Energy Technology Innovation Action Plan (2016-2030), the Made in China 2025 and the New Energy Vehicle Industry Development Plan (2021-2035). In March 2022, the Medium-and Long-term Plan for the Development of Hydrogen Energy Industry (2021-2035) clarified that hydrogen energy is an important part of the future national energy system, an important focus in the green and low-carbon transformation with energy terminals, and a key development prospect for strategic emerging industries and future-proof industries. On January 1, 2025, the Energy Law of the People's Republic of China officially came into effect, under which hydrogen was explicitly included in the energy management system at the legislative level for the first time, marking a fundamental shift in its regulatory classification from a "hazardous chemical" to an "energy source". This removed the most significant obstacles to policy formulation, infrastructure approval and market transactions across the entire industry, thereby laying a solid institutional foundation for the industry. During the Reporting Period, more than 20 policies were promulgated at the national level to promote the development of the hydrogen energy industry. Local governments also intensified their efforts on the hydrogen energy and fuel cell industry, with dozens of regions nationwide issuing supportive policies relating to hydrogen energy and fuel cell vehicles, and multiple provinces and municipalities implementing toll-free expressway policies for hydrogen-powered vehicles.

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MANAGEMENT DISCUSSION AND ANALYSIS

At present, the hydrogen fuel cell vehicle market has not yet achieved economies of scale as it is in the initial stage of commercialization, resulting in high overall cost. However, with the large-scale application of hydrogen fuel cell vehicles in events such as the Beijing Winter Olympics, the global goal of carbon peaking and carbon neutrality and the opportunities arising from China's fuel cell vehicle demonstration city cluster policy, unprecedented new driving force will drive development of hydrogen fuel cell vehicles. According to the public data released by Orange Group Research Institute, the sales volume of fuel cell vehicles in China in 2025 was 7,797 vehicles, with a total ownership of approximately 31,298 units. Meanwhile, from the perspective of application scenarios, the application scenarios of fuel cell vehicles in China have been transformed from the commercial demonstration application in public transportation field to the demonstration application in multiple scenarios such as public transportation, sanitation, urban logistics and distribution, cold chain transportation, slag transportation, and bulk cargo. At the same time, it has also been applied in new fields such as ships and combined heat and power.

2. Analysis of the industry position of the Company and its changes

As a pioneer in the R&D and commercialization of fuel cell systems in China, the Company has consistently focused on core fuel cell technologies and has established an independently controllable core intellectual property rights system, while possessing mass production capabilities for both fuel cell systems and stacks.

Leveraging its extensive industry experience and forward-looking market insights, the Company has continuously advanced technological iteration and product upgrades, with a strategic focus on the R&D and industrialization of 100kW high-power fuel cell system, further strengthening its technological leadership in high-power output, long-range endurance and high reliability. The Company has also actively cooperated with domestic mainstream automobile manufacturers to develop diversified vehicles such as fuel cell heavy-duty trucks, passenger vehicles, sanitation vehicles, tractors and cold chain logistics vehicles, thereby continuously expanding application scenarios and market coverage of products to meet the low-carbon transformation needs of relevant sectors.

As the country has clarified the positioning of hydrogen energy industry in the top-level design, and the fuel cell demonstration city cluster policy has been implemented, the number of market participants in the fuel cell industry is increasing. However, there are certain technical barriers for fuel cell system products. According to the statistics of "Road Power-Driven Vehicle Manufacturing Enterprises and Products" published by MIIT, as of the end of December of 2025, a total of 1,327 fuel cell vehicles (excluding chassis announcement) were published in the PRC, of which 181 vehicles were equipped with the Company's fuel cell system, ranking on top of the industry in terms of the number of announcements.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

3. Development status and future development trend of new technologies, industries, types of operation and models during the Reporting Period

After years of technological accumulation and demonstration applications, China's fuel cell industry has generally developed a well-established related industrial chain. At present, domestic enterprises in China have basically mastered the key technologies of fuel cell systems and core parts and components, realizing domestic mass manufacturing and application of core parts and components from fuel cell systems to cell stacks, air compressors, and hydrogen circulation systems to bipolar plates, and membrane electrodes. That brings about certain improvement in comprehensive system costs and product reliability.

In March 2026, MIIT and MOF, and the National Development and Reform Commission jointly issued the "Notice on Carrying out Hydrogen Energy Comprehensive Application Pilot Work" (《關於開展氫能綜合應用試點工作的通知》), indicating that China's policy support for the hydrogen energy industry is expanding from single application scenarios to multiple fields such as transportation and industrial, fostering a comprehensive application ecosystem of "1+N+X" and injecting strong momentum into the hydrogen energy industry. At the same time, the implementation period for "Interim Measures for the Management of Energy Conservation and Emission Reduction Subsidy Funds" (《節能減排補助資金管理暫行辦法》) is extended to 2030, with "Hydrogen Energy Comprehensive Application Pilot" being newly added as a key supported area. As a crucial application field within the hydrogen energy sector, the fuel cell industry possesses tremendous development potential.

In addition, as an emerging industry, hydrogen energy and fuel cell industry do not only serve as opportunities for the automobile industry, but can also further expand the green and low-carbon industry system. Hydrogen energy and fuel cells can also be widely used in transportation fields such as rail transit and ships, and can also be applied in distributed power generation, building cogeneration and other fields. From the production, storage and transportation of hydrogen to the downstream application of hydrogen energy industry chain, it can effectively drive the transformation and elevation of traditional industries in multiple fields such as energy, materials, equipment manufacturing, automobile, power, and construction, and create a new green and low-carbon industry chain to contribute to China's green and sustainable development.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(II) Review of the Company's operation

The Company is a high-tech enterprise focusing on the R&D and industrialization of fuel cell systems with independent core intellectual property rights and achieved mass production of fuel cell systems. The Company has successively undertaken a number of major projects in the field of fuel cell, such as the State High-Tech Development Plan (Program 863), Project for the Ministry of Science and Technology, and projects for Beijing Municipal Science and Technology Commission and STCSM.

The Company's main products and services include fuel cell systems and related technology development and technical services, which are mainly used for commercial vehicles such as busses, logistics vehicles and heavy trucks. The Company has established in-depth cooperation with major domestic commercial vehicle enterprises such as Yutong Bus and Beiqi Foton. Fuel cell vehicles equipped with our fuel cell systems have been operating in Beijing, Zhangjiakou, Shanghai, Chengdu, Zhengzhou and Zibo. In 2025, the Company established an energy storage subsidiary aimed at building integrated energy solutions featuring a "hydrogen-storage-utilization" synergy to expand into the hydrogen energy storage market.

In 2025, the hydrogen fuel cell industry remained in the early stages of commercialization, facing overall development challenges such as intensified market competition and downward pressure on product pricing. At the same time, the development of the industry was significantly influenced by government policy direction, and changes in policies were directly linked to the Company's development outlook, operational layout, and market capitalization. The Company advanced various initiatives around its established development strategies and operational objectives, continuously enhancing the fuel cell industrialization, promoting product and technology updates and iterations, and setting our footprints in new business areas to cultivate growth momentum. Meanwhile, the Company spotlighted core business, optimized asset structures, and improved industrial chain synergy in operations and management. Furthermore, it adopted a prudent market expansion strategy based on the actual cash flow situation to ensure the stability of its operations. The analysis of the operational status for the year 2025 is presented as follows:

1. In terms of operating results, the operating income of the Company amounted to RMB259 million in 2025, representing a year-on-year decrease of 29.49%; sales volume of fuel cell systems was 545 sets, with a total sales power of 56,370 kW, representing a year-on-year decrease in sales volume of 26.55%. The decline in operating results was mainly attributed to the fact that the hydrogen fuel cell industry remained in the early stages of commercialization. Intensifying market competition exerted sustained downward pressure on product pricing. Additionally, constrained by working capital pressures, the Company adopted a cautious market expansion strategy, resulting in a year-on-year decline in fuel cell system sales and impacting its overall profitability during the Reporting Period.
2. In terms of international market expansion, in 2025, the Company's self-developed 100 kW fuel cell generator set was successfully delivered to a customer in Australia, where it will be applied in a distributed power generation project in Brisbane. This product is the third mature power generation product that the Company has iteratively launched, and it also marks the first overseas project for the Company's power generation business, enhancing our brand influence in the global hydrogen energy power generation sector.

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3. In terms of regional collaboration and industry chain layout deployment, the Company adopted an “1+2+1+N” industrial layout, integrating R&D resources from Beijing with green energy from Zhangjiakou and exploring a regional collaborative model of “using electricity to generate hydrogen, promoting production through hydrogen, and achieving hydrogen-electricity synergy”. In the “Zhangjiakou-Chengde-Tangshan Hydrogen Energy Regional Pilot” project in Hebei, the Company plans to convert wind and solar resources from Zhangjiakou and Chengde into green hydrogen, which will be transported to industrial consumers via a planned hydrogen pipeline, forming a complete full-chain demonstration and contributing to the realization of the “Beijing-Tianjin-Hebei Hydrogen Energy Corridor”.
4. In terms of technology research and development and product development, the Company has always adhered to the research and development principle of “Advance Research, Continuous Development and In-depth Promotion”, carried out research and development activities focusing on core technical indicators such as environmental adaptability, durability and reliability of fuel cell systems, and increased product performance and consistency continuously. Despite facing a challenging operational environment, the Company has maintained steady progress in core technology R&D, continuously accumulating technological achievements and reserving core capabilities. In 2025, the Company was recognized as a “Manufacturing Individual Champion Enterprise” (製造業單項冠軍企業) and received the second and third prizes of the Scientific and Technological Progress Award from the China Society of Automotive Engineers. The Company also won the first prize for Scientific and Technological Progress awarded by the Fujian Provincial Department of Science and Technology and received awards and honors such as the designation of “Key Laboratory of Beijing” (北京市重點實驗室) granted by the Beijing Municipal Science and Technology Commission.
5. In terms of financing, in 2025 the Company successfully completed a new H Share placement under the general mandate. This placement issued a total of 8,880,000 H Shares, and the net proceeds after deducting related expenses were approximately HK\$198 million. This placement reflects the capital market’s recognition of the Company’s long-term value, optimizes the Company’s capital structure, and alleviates cash flow pressure.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(III) Main business models

1. R&D model

Under the R&D concept of “Advance Research, Continuous Development and In-depth Promotion”, the Company follows the vertically integrated R&D roadmap, and insists on independent R&D. At the same time, the Company is committed to improving the power density, durability and reducing product costs of fuel cell systems by undertaking major national scientific and technological projects and carrying out industry-university-research cooperation with colleges and universities and cooperating with industry-leading technology enterprises, major customers and suppliers.

2. Procurement model

The main materials for production of fuel cell systems in the Company include cell stack and related components, air compressors and direct current voltage transformers. The Company is capable of manufacturing made-in-China cell stacks. Our procurement procedures mainly include approval of parts and components, supplier development and management, and order procurement.

3. Production model

The Company generally arranges production after receiving customer orders, and stocks up with the goods of appropriate quantity based on market forecast. Production processes mainly comprise production preparation, first-piece production, formal production, production process monitoring, and inspection and warehousing of finished products. Strict quality control is exercised throughout the production process to ensure the quality of final products.

4. Sales model

Direct sales are the sales model of the Company, under which the goods are mainly sold to domestic commercial vehicle manufacturers. Our sales processes mainly comprise the formation of preliminary sales intention, technical matching and certification of prototype, publication of catalog and mass sales.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(IV) Core technology and research and development progress

1. Core technologies, their advantages and changes during the Reporting Period

During the Reporting Period, the Company kept investing in research and development, and maintained core competitiveness by continuously improving technical capabilities and enhancing research and development management system. Currently, the core technologies of the Company mainly include:

No.	Core technology	Source of technology	Technical features and advantages
1	Electric-electric hybrid power system matching and control technology (電 - 電混合動力系統匹配與控制技術)	Self-developed	Based on matching of fuel cell system and dynamic modeling of electric-electric hybrid power system through multi-objective optimization design, the Company establishes multi-objective optimization energy management control strategy and power distribution strategy, and achieve simultaneous enhancement of fuel cell life and energy conversion efficiency through flexible load control and efficiency search control.
2	Long-life fuel cell system control technology (長壽命燃料電池系統控制技術)	Self-developed	Based on the simulation analysis of the dynamic performance of fuel cells, the Company takes a deep dive into the impact relationship between fuel cell operation parameters and life expectancy, conduct in-depth analysis on fuel cell failure mechanism, clarify the association between impact factors of fuel cell life and the operation working conditions, and ensures the life of fuel cells through the anode pressure control, flow pressure coupling control, voltage clamping control, and closed loop control of water content.
3	High-reliability fuel cell system fault diagnosis and fault tolerance control technology (高可靠燃料電池系統故障診斷及容錯控制技術)	Self-developed	Based on the long-term technology accumulation, the system failure mechanism of fuel cell system is revealed. By extracting failure characteristics through big data statistics and analysis, it can accurately identify the types of faults and implement fault-tolerant control measures accordingly.
4	Low-temperature rapid fuel cell activation technology (燃料電池低溫快速啟動技術)	Self-developed	The cell stack self-heating technology developed by the Company enables the cell stack to operate in low-efficiency areas, and transform the chemical energy in hydrogen into thermal energy, rapidly improving the temperature of the cell stack, thus reducing the cold start energy consumption, shortening the cold start time, and ultimately improving the driving experience of fuel cell vehicles.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

No.	Core technology	Source of technology	Technical features and advantages
5	High-power density fuel cell system integration technology (高功率密度燃料電池系統集成技術)	Self-developed	Through high integration, the technology allows for less energy loss of pipelines, wire harness, mechanical drive and other parts, reduction in energy consumption of auxiliary systems, less structural redundancy, and lighter fuel cell system.
6	Utilization of waste heat utilization from efficient fuel cell (高效率燃料電池餘熱利用技術)	Self-developed	Based on the simulation analysis of multi-heat domain and multi-heat flow of fuel cell vehicles, the Company designs a waste heat utilization programme that is highly adaptable and efficient for low-temperature environment, and develops a waste heat utilization control strategy for fuel cell system based on multi-heat domain coupling control to improve the energy conversion efficiency of the system.
7	Design and integration technology of cell stack of high power density and low-cost fuel cell (高功率密度低成本燃料電池電堆設計及裝配技術)	Self-developed	To address problems related to power density, cost and durability of cell stacks, the Company improves the power density of stack by optimizing the bipolar plate flow field to improve power generation performance, and enhances power density of stack through high-level integration of end plates, lightweight materials, and optimized synergy between MEA and electrode plates. Cost of stacks is reduced by means of localization of MEA, optimization of graphite bipolar plate process and use of lightweight bipolar plates, combination of component functions, and overall molding design of multi-functional end plate. By controlling the parts and components of stacks and assembly process, as well as testing methods, the yield rate is enhanced, which is to reduce consumption from the production perspective. Based on the analysis on the overall stack failure pattern and the failure pattern of parts and components, the life of stack is extended through design and control strategy optimization.

SECTION III

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Core technology	Source of technology	Technical features and advantages
8	Test and evaluation technology (測試評價技術)	Self-developed	With the goals of enhancing adverse weather capabilities, long life, high reliability, high efficiency, low cost and high safety, the Company establishes an all-round integrated test and evaluation system covering five aspects: electric-electric hybrid power system, fuel cell system and BOP components, stack assembly and core components, on-board hydrogen system, and special DC/DC for fuel cell.
9	Fixed-installation power generation technology (固定式發電技術)	Self-developed	Based on its core fuel cell technology platform, the Company has developed solutions suitable for multiple scenarios. It has carried out targeted optimizations regarding operational stability, energy efficiency and ease of operation and maintenance for fixed-installation power generation, and established an integrated architecture for fixed-installation fuel cell power generation systems, achieving coordinated control between the power generation system and off-grid networks, the electricity grid and energy storage systems. Through self-adjusting operational control and a combined heat and power design, the system enhances power generation efficiency and overall energy utilization, making it suitable for a wide range of fixed-installation generation scenarios, including industrial and commercial parks, data centers, and distributed energy stations.
10	Coordinated control and energy management technology for electrochemical energy storage (電化學儲能協調控制與能量管理技術)	Self-developed	The Company develops integrated design and development capabilities for electrochemical energy storage systems, conducts research on coordinated control technologies for large-scale storage, explores site-level power-quality monitoring and unified dispatch of multiple converters to meet the technical requirements such as grid frequency regulation and active/inactive power control, and explores a cloud – edge – end collaborative architecture to forecast power curves, optimize charging and discharging for energy storage systems strategies, and improve economic of operations.

During the Reporting Period, there was no significant change in the Company's core technology.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

Status of recognition as national-level specialized and sophisticated “little giant” enterprises that produce new and unique products and manufacturing “individual champion” enterprise

Grantee	Title	Year of awarding	Product name
Beijing SinoHytec Co., Ltd.	National-level specialized and sophisticated “little giant” enterprises that produce new and unique products	November 2020 to November 2023	Hydrogen fuel cell motor
Beijing SinoHytec Co., Ltd.	National-level specialized and sophisticated “little giant” enterprises that produce new and unique products	July 2023 to June 2026	Hydrogen fuel cell motor
Shanghai SinoFuelCell Co., Ltd.	National-level specialized and sophisticated “little giant” enterprises that produce new and unique products	July 2023 to June 2026	Hydrogen fuel cell stack
Beijing SinoHytec Co., Ltd.	Individual Champion Enterprise	2025	Hydrogen fuel cell motor

2. R&D Achievements during the Reporting Period

The Company has always adhered to independent research and development, continuously explored and researched cutting-edge technologies in the field of fuel cell systems, and realized technological progress, product performance optimization and iteration based on its own research and development advantages and long-term transformation of scientific and technological achievements. In 2025, the Company was recognized as a “Manufacturing Individual Champion Enterprise” (製造業單項冠軍企業) and received the second and third prizes of the Scientific and Technological Progress Award from the China Society of Automotive Engineers. The Company also won the first prize for Scientific and Technological Progress awarded by the Fujian Provincial Department of Science and Technology and received awards and honors such as the designation of “Key Laboratory of Beijing”(北京市重點實驗室) granted by the Beijing Municipal Science and Technology Commission.

During the Reporting Period, the Company obtained a total of 138 new intellectual property rights, including 114 invention patents, 17 utility model patents, and 7 software copyrights.

List of intellectual property achieved during the Reporting Period

	Newly added this year		Grand total	
	Number of applications	Number of achieved IP	Number of applications	Number of achieved IP
Inventive patents	27	114	1,239	390
Utility model patents	0	17	794	789
Design patents	0	0	25	25
Software copyrights	7	7	123	123
Others	0	0	0	0
Total	34	138	2,181	1,327

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

3. R&D investment

Unit: RMB

	This year	Last year	Percentage changes (%)
Expensed R&D investment	47,840,962.24	97,013,572.48	-50.69
Capitalized R&D investment	13,977,738.94	42,293,683.63	-66.95
Total R&D investment	61,818,701.18	139,307,256.11	-55.62
Proportion of total R&D investment in operating income (%)	23.91	37.99	Decrease by 14.08 percentage points
Proportion of capitalized R&D investment (%)	22.61	30.36	Decrease by 7.75 percentage points

Reasons for the material change in total R&D investment as compared to last year

Applicable Not Applicable

The Company's total R&D investment for the period decreased by 55.62% as compared with the previous period, mainly due to the Company's optimization of R&D project management during the Reporting Period, a reduction in research into new R&D fields and directions, which led to an overall year-on-year decline in R&D investment.

Reasons for significant changes in the proportion of capitalized R&D investment in the total R&D investment and their rationality

Applicable Not Applicable

The proportion of R&D investment capitalization of the Company for the period decreased by 7.75 percentage points as compared with the previous period, mainly due to a prudent review of previously capitalized R&D projects in light of changes in the industry environment and product technology roadmap conducted by the Company during the Reporting Period. In accordance with relevant requirements under the Accounting Standards for Business Enterprises, the Company concluded that certain projects are unlikely to generate continuing economic benefits and no longer meet the criteria for capitalization; accordingly, related development expenses were transferred into R&D expenses in the current period, resulting in a decline in the proportion of R&D investment capitalization.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. Status of projects under development

Unit: RMB'000

No.	Project name	Estimated total investment scale	Current amount of investment	Accumulated investment amount	Progress or phased achievements	Target to be achieved	Technical standards	Specific application prospect
1	Hydrogen & fuel cell innovation project	840	186	730	Hydrogen & fuel-cell innovation team completed construction of a single-zone dispersed test bench; it completed integration of the fuel-cell power generation system, power and efficiency verification of the testing system; as well the freeze-start tests.	Carry out development of fuel-cell power generation systems, deploy intellectual property and ultimately develop a single-unit megawatt-class PEM fuel-cell power generation system product to provide technical support for the hydrogen-storage roadmap.	Domestic advanced	Transportation field (new energy; single-unit megawatt-class PEM fuel-cell power generation system)
2	R&D and industrialisation demonstration of key technologies for hydrogen production & storage systems	4,000	1,243	1,708	Completed R&D and design of the hybrid hydrogen production system hardware platform; completed development of hybrid system software algorithms, including system optimisation allocation algorithm, system scheduling algorithm, wind/solar output forecasting algorithm, off-grid microgrid stability control algorithm; completed supplier procurement process, awaiting supplier delivery of hardware platform.	Study key technologies and application demonstration of hybrid hydrogen production systems for renewable-energy off-grid hydrogen production scenarios; break through key technologies for variable new-energy hydrogen production under off-grid conditions to provide technical guarantee for large-scale green hydrogen production.	Domestic advanced	Transportation field (new energy; key technologies for off-grid hybrid hydrogen production & storage systems)

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project name	Estimated total investment scale	Current amount of investment	Accumulated investment amount	Progress or phased achievements	Target to be achieved	Technical standards	Specific application prospect
3	R&D and industrialization application of integrated fuel-cell engine technology	9,660	1,149	1,206	Completed research on fuel-cell stack and fuel-cell engine core technologies and on mechanisms of key fuel-cell materials; produced one product test report and published two SCI-Q1 papers; developed low-power wide-operating-window hydrogen-injection + ejector high-efficiency hydrogen recirculation system; engine rated efficiency exceeded 50%; developed low hydrogen standby consumption, oxygen-saving and high-reliability sealing technologies to avoid hydrogen-air interface and improve product durability.	Based on fuel-cell system integration technology support, focus on breakthroughs in key technologies for high-performance fuel-cell engines, such as hydrogen, air, water, heat, electricity, with a view to promoting overall improvement of national fuel-cell technology and industry-chain development.	Domestic advanced	Transportation field (new energy; fuel-cell system integration technology)
4	Design & development of high-consistency, high-power fuel-cell stack	24,000	4,084	11,577	Based on multi-physics "water-gas-heat-electric-mechanical" coupling model, established structure – performance relationships of bipolar plate structure and stack function; designed low pressure-loss, low leakage, high cross-rib transfer and in-plane uniform flow-field structure; clarified coupled transport mechanisms for large-format flow fields and achieved uniform in-plane water-gas-heat distribution; carried out modular stack structural design and integration; developed high-precision in-stack assembly technique with spatio-temporal controllable face surface pressure.	Develop precision manufacturing methods for large complex thin-walled components; formulate standards of production processes and quality control for fuel-cell stacks; reduce stack production cost; accumulate operation data and experience, with a view to preparing for industrialisation and promotion.	Domestic advanced	Transportation (logistics vehicles, various medium & large passenger vehicles, trucks); distributed generation (cogeneration system)

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project name	Estimated total investment scale	Current amount of investment	Accumulated investment amount	Progress or phased achievements	Target to be achieved	Technical standards	Specific application prospect
5	Development of high-performance membrane electrode assemblies (MEAs) and key materials for fuel cells	12,000	2,356	8,718	Achieved development of key materials including high-activity, high-durability mesoporous carbon catalysts, wide-temperature range PEMs, high-mass-transfer gas diffusion layers and high-activity, high-stability MEAs; completed MEA batch process development.	Explore "structure - process - performance" interrelationships of MEA key materials; complete design and batch production of high-performance MEAs to improve fuel-cell lifetime, economy and practicality.	Domestic advanced	Transportation (logistics vehicles, various medium & large passenger vehicles, trucks); distributed generation (cogeneration system)
6	Development of energy-efficient, megawatt-scale fuel-cell electricity & heat cogeneration system	12,000	9,667	11,420	Completed architectural design of megawatt-scale fuel-cell electricity & heat cogeneration system; completed selection, testing, and development of key components, including high-efficiency air compressors, supersonic ejectors, active spray humidification; completed development of high-efficiency, long-life energy management and dynamic control technologies for wide heat-to-power ratios; completed system integration, assembly and functional testing for megawatt-scale fuel-cell electricity & heat cogeneration system.	Develop low-power-consumption, highly controllable key auxiliary components and complete development of megawatt-scale electricity & heat cogeneration system through research on the design and matching technologies for centralised gas supply, distributed regulation and multi-stack parallel system architecture.	Domestic advanced	Transportation (logistics vehicles, various medium & large passenger vehicles, trucks); distributed generation (cogeneration system)
7	High-performance graphite bipolar plates	6,600	2,186	2,776	Completed design and process development for ultra-thin bipolar plates based on high-purity flexible graphite and realised batch fabrication.	Complete design and process development for 1.3 mm-grade high-purity flexible graphite bipolar plates.	Domestic advanced	Transportation (commercial vehicles with high volume power density stacks)
8	Research projects for scientific topics	8,250	720	720	Note 1	Note 1	Note 1	Note 1

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project name	Estimated total investment scale	Current amount of investment	Accumulated investment amount	Progress or phased achievements	Target to be achieved	Technical standards	Specific application prospect
9	Innovation Star (創新新星)	510	80	80	Completed the design for centralised gas supply, distributed regulation and multi-stack parallel architecture, focusing on optimising heat-to-power ratio and efficiency; demonstrated large-format MEA degradation mechanisms under cogeneration scenarios using EIS-DRT technology.	Overcome core technical challenges in system integration, stack-performance optimisation and key materials R&D; strive for breakthroughs in areas such as "high-power system integration, high-efficiency energy utilisation, high-durability system application and heat-to-power ratio matching"; deliver innovative results of proprietary IP and cultivate high-level research talent; ultimately fulfill contractually-agreed technical indicators and meet performance targets, with a view to laying a solid foundation for subsequent industrialised application.	Domestic advanced	Transportation (logistics vehicles, various medium & large passenger vehicles, trucks); distributed generation (combined heat & power)
10	R&D of multi-energy-efficient coupling control and key components for hybrid power generation systems	9,082	2,817	5,737	Achieved stack -40° C cold-boot; stack performance met 0.7W@2A/cm ² ; stack life test exceeded 15,000 hours.	Develop a prototype fuel-cell system with rated power >240 kW; apply for and obtain invention patents and develop national standards for fuel cells.	Domestic advanced	Transportation (heavy-duty equipment); distributed power supply equipment
11	Integration and demonstration of fuel-cell - hydrogen-combustion engine hybrid power generation systems	3,600	1,457	1,601	Completed performance verification tests of BOP parts for 240 kW system; carried out optimisation tests for 240 kW system performance and delivered re-tested prototype to project team; assisted project unit with system integration scheme design.	Provide one system control module for hydrogen fuel-cell systems and obtain invention patent filings and authorisations.	Domestic advanced	Industrial parks (stable energy supply, emission reduction); remote off-grid areas (wind/solar complementarity, storage for electricity & heat); building clusters (centralised heating & power, boiler replacement); transportation hubs (high-reliability supply)

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project name	Estimated total investment scale	Current amount of investment	Accumulated investment amount	Progress or phased achievements	Target to be achieved	Technical standards	Specific application prospect
12	Key technologies for ultra-thin graphite bipolar plates and high-performance stacks	1,560	358	862	Achieved batch fabrication of large-size 1.1 mm bipolar plates and completed third-party validation for bipolar plates; delivered on key indicators, including a helium leak rate of 0 sccm at 200 kPa gauge pressure.	Increase volumetric power density for 1.1 mm ultra-thin flexible graphite bipolar-plate stacks.	Domestic advanced	Transportation (commercial vehicles with high volumetric power-density stacks)
13	National key "little giant" project	35,887	2,211	2,211	Built 3D multi-field coupled models for fuel-cell systems; completed the design and development of fourth-generation small fuel-cell stack.	Develop multi-field coupled simulation models for fuel-cell systems with accuracy meeting required standards to support bipolar-plate structural design and water-thermal management; develop next-generation high-power stack with single-stack power ≥ 300 kW and volumetric power density ≥ 4.6 kW/L.	Domestic advanced	Transportation (long-haul heavy trucks, rail, marine, stationary power stations)
14	R&D of domestic series fuel-cell system	5,000	527	527	Achieved iterative upgrades of fuel-cell systems through, among others, ongoing optimisation of system architecture design, improvement to control strategies, and substitution of components.	Technical indicators of prototype units of each power rating to pass tests and be launched to market.	Domestic advanced	Centralised power & heat for industrial parks and building clusters; backup power supply assurance for emergency microgrids
15	Development of stack-series products	29,983	10,211	20,653	Achieved iterative upgrades of stack-series products through, among others, continued development and verification of core stack materials, improvement to stack structural design, and optimisation of bipolar-plate manufacturing process; completed development of stacks suitable for passenger vehicles, large heavy trucks and power-stations.	Productise various technical outputs and secure market-related product orders.	Domestic advanced	Transportation (logistics vehicles, various medium & large passenger vehicles, trucks); energy-storage sector
Total	/	162,972	39,252	70,526	/	/	/	/

Explanation

Note 1: At the request of the project management authority and the project lead unit, details relating to specific technologies and phased progress of this project are not suitable for external disclosure. Appreciation is extended for understanding in this regard.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

5. R&D personnel

Unit: RMB0'000

Basic information	Amount of current period	Amount of last period
Number of the R&D personnel of the Company	94	156
Proportion of the R&D personnel in the total number of employees of the Company (%)	19.50	22.03
Total emoluments of the R&D personnel	4,018.77	8,347.90
Average emoluments of a R&D worker	31.91	33.26

Educational backgrounds of R&D personnel	
Educational background category	Number
Doctor's degree	11
Master's degree	42
Bachelor's degree	33
Junior college degree	5
High school diploma and below	3

Age structure of R&D personnel	
Age structure category	Number
Under 30 years old (exclusive)	9
30-40 years old (including 30, excluding 40)	69
40-50 years old (including 40, excluding 50)	16
50-60 years old (including 50, excluding 60)	0
60 years old and above	0

Reasons for the significant changes in the composition of R&D personnel and their impact on the Company's future development

Applicable Not Applicable

During the Reporting Period, the proportion of the Company's R&D personnel decreased from 22.03% to 19.50%. This adjustment is an important measure in the Company's ongoing response to changes in the market environment and operating pressures and a further deepening of its cost-optimization strategy. The Company implemented a more precise strategic focus for R&D projects to concentrate limited resources on the most strategically significant and market promising core R&D directions, thereby continuously improving R&D efficiency and resource utilization efficiency.

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From a personnel-structure perspective, the Company focused on preserving the quality and competency of its R&D team during the streamlining initiative. Proportion of the core age group of 30–40 increased from 64.1% to 72.6%; this cohort combines substantial experience with innovative vitality and has now become the backbone of our R&D team. Meanwhile, the Company retained 12 doctor's degree and 42 master's degree holders, keeping the proportion of master's and doctoral talent at a high level of 56.8%, which ensures R&D capability in core technical areas. By optimizing team composition, the Company has further strengthened resource allocation to key projects and improved the overall efficiency and execution capability of the R&D team. The streamlined R&D team is more focused on strategic technology directions and prioritizes support for innovation projects with market potential, raising the return on R&D investment.

Looking ahead, the Company will seek an optimal balance between cost control and technological innovation. Through R&D process optimization and team efficiency enhancements, a leaner team will be more efficient in delivering R&D output. The Company will adjust R&D staffing and develop talent pipelines in line with operating conditions and market opportunities. The Company is confident it can sustain cost competitiveness while continuously enhancing core technological capabilities and market competitiveness, thereby laying a solid foundation for long term healthy development.

(V) Analysis of core competitiveness during the Reporting Period

1. Analysis of core competitiveness

After years of accumulation in technology and operation, the Company has gained relatively strong advantages in relation to technology and R&D, market layout and large-scale promotion, core parts and components supply system, and talent, details of which are as follows:

(1) *Technology and R&D advantages*

The Company has always adhered to the R&D concept of "advance research", "continuous development" and "in-depth promotion". After years of exploration and development, the Company has accumulated rich technical experience, breaking through a number of technical difficulties such as fuel cell system integration with high level of power density, rapid activation of fuel cell system at low temperature, air flow and pressure decoupling control, and water content closed loop control. The key performance of product are deemed close to the international advanced level and have been widely used in commercial practice. The Company has a series of proprietary core intellectual property rights. As of the end of the Reporting Period, the Company has obtained 390 invention patents and 123 software copyrights. At the same time, with the support of major projects from the Ministry of Science and Technology, the Beijing Municipal Science and Technology Commission and STCSM, a wealth of scientific research achievements and technical reserves have been achieved through the completion of national science and technology special projects.

(2) *Market layout and large-scale promotion advantages*

The Company has established good and long-term cooperation relationship with major commercial vehicle enterprises in China such as Yutong Bus and Beiqi Foton through demonstration operation, joint undertaking of national projects and joint development of fuel cell models, and has accumulated a large number of high-quality customer resources and received good brand reputation, and its technical capabilities have been widely recognized. At the same time, the Company has joined hands with Beiqi Foton and Yutong Bus to participate in the major demonstration operation projects of fuel cell vehicles led by the Beijing Municipal Science and Technology Commission and the United Nations Development Programme since its establishment, and has accumulated extensive operational experience. Fuel cell vehicles equipped with the Company's fuel cell system have been put into commercial demonstration operations in Beijing, Zhangjiakou, Shanghai, Chengdu, Zhengzhou and Tangshan. Large-scale promotion and operation have accumulated a large number of real operation data, providing reliable data support for the Company's product update.

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(3) *Core parts and components supply system*

The Company has formed a relatively complete selection, verification and quality inspection system for parts and components. The fuel cell system industry in China is at the early stage of industrialization, and the foundation of the industry chain is relatively weak. However, the production of fuel cell systems and stacks involves the procurement of a large amount of parts and components. The Company has established a stable supply relationship and cooperative development mechanism with domestic mainstream parts and components suppliers through long-term cooperation and self-cultivation of suppliers. Meanwhile, the Company has mastered a number of core technologies in the field of fuel cell system, stack and component testing through independent R&D, and has established a complete testing system covering fuel cell system and key valve parts. The domestic component supply system has laid a solid foundation for large-scale industrialization, which is conducive to large-scale cost reduction, ensuring the safety of component supply and improving the quality assurance of upstream components.

(4) *Talent advantages*

The Company introduced R&D, technology and production talents in the fuel cell field through the establishment of R&D innovation platforms such as academician workstations and engineering technology centers, and provided a good foundation for the subsequent cultivation of such talents by undertaking major national projects, industry-university-research cooperation, participating in the formulation of national standards and continuous R&D, and developed a number of technical, R&D and production teams with professional capabilities and extensive experience.

(VI) Risk factors

1. Risks of negative profit margin

As of the end of the Reporting Period, the Company was not profit-making. The relevant risks are mainly reflected in the following aspects:

- (1) The Company's achievement of profitability currently depends on factors including the level of industry policy support, the pace of market demand expansion and the progress of cost reduction across the industry chain. Uncertainties of the above factors may result in the timing of the Company's profitability being later than expected.
- (2) The Company is required to continue invest in areas such as R&D and production capacity in order to maintain its technological leadership. Before operating revenue is sufficient to cover the scale of such investments, such expenditures will continue to place pressure on the Company's profitability.
- (3) As the Company has not yet achieved a balance of operating cash flows through its principal business operations, its business operations, research and development, and market expansion activities still rely to a certain extent on external financing. In the event of unfavorable changes to the future financing environment, the Company's ability to continue as a going concern may be challenged.

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2. Risk of sharp decline or loss of results

- (1) During the Reporting Period, the net loss attributable to shareholders of the listed company was RMB618.50 million, representing an increase in the loss of RMB166.70 million compared with the same period of last year.
- (2) The loss in the performance for the period was mainly due to the following: the hydrogen fuel cell industry is still in the early stages of commercialisation; intensified market competition has led to sustained pressure on product prices; and, affected by cash flow pressures, the Company adopted a cautious market expansion strategy, resulting in a year-on-year decline in fuel cell system sales during the Reporting Period. At the same time, changes in relevant government industrial policies have also had a significant impact on the Company's asset impairments, thereby affecting the overall profitability of the Company.
- (3) If future industry development falls short of expectations, leading to a sustained decline in market demand, or if industry competition intensifies further, and the Company is unable to secure sufficient orders and expand sales to the scale required to achieve profitability; or if subsequent industry policies continue to be adjusted (such as changes to key parameters including inventory retention targets and subsidy standards), there is a possibility that the Company's loss-making trend may persist.

3. Core competitiveness risk

- (1) The core competitive strength of the Company lies in its capability to conduct research and development into fuel cell technology and to iterate its products; however, the hydrogen fuel cell industry requires significant ongoing investment in R&D. If the Company fails to secure sufficient funding for R&D in the future, it will struggle to continue advancing its core technological breakthroughs and upgrading product performance. This could result in a weakening of the Company's lead in key technical metrics such as power density, durability and hydrogen consumption control, narrowing the technological gap with competitors within the industry and making it difficult to consolidate its core technological barriers.
- (2) The Company's market presence within fuel cell demonstration city hubs and core application areas, as well as the scale of its product deployment, are key indicators of its core competitiveness. In 2025, due to cash flow pressures, the Company adopted a cautious market expansion strategy; as a result, sales of fuel cell systems declined year-on-year, the pace of market expansion slowed, and progress in developing certain potential markets fell behind schedule.
- (3) If the commercialisation of the industry accelerates in the future and the Company fails to keep pace with market expansion, the brand influence and market recognition of its products in key regions may diminish, making it difficult to establish a competitive advantage on a large scale, and the competitiveness of its core market positioning may gradually weaken.

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4. Operational risk

(1) *Risk of continuous losses in business performance*

The Company has been incurring losses continuously since 2020. The main reason for the losses is the insufficient sales volume of its products, which has led to the absence of scale effects and the inability of product prices to cover costs. If the commercialization process of the industry in the future fails to meet expectations and the Company's sales cannot be effectively increased, the Company will continue to face losses, affecting its ability to be a going concern.

(2) *Risk of accounts receivable recovery and credit impairment*

The common feature of the end users of hydrogen fuel cell vehicles is the long payment cycle. Due to the reduction of industry subsidies and the tight local finance, the payment capacity of customers has declined. During the Reporting Period, the Company made significant provisions for credit impairment losses based on the principle of accounting prudence, thereby further expanding the scale of the current performance loss. If the recovery cycle of downstream customers is prolonged in the future, it will directly increase the Company's bad debt risk and squeeze the operating cash flow, forming a continuous drag.

(3) *Risk of customers' concentration ratio*

The fuel cell vehicle industry in our country is still in the initial stage of commercialization, and the application scenarios are mainly focused on specific segments. The Company's major customers are domestic mainstream commercial vehicle enterprises, and the high customer concentration structure restricts the Company's bargaining power in commercial negotiations, and its operating performance is highly bound to the promotion plan of fuel cell vehicle models and the order release pace of its major customers. If the major customers reduce the purchase of the Company's products, or their strategic layout in the field of hydrogen fuel cells occurs significant adjustments, the Company's production and operation will be adversely affected.

(4) *Risk of products quality and safety*

The Company's fuel cell system is widely applied in fields such as public transport, where it serves as the core component of fuel cell vehicles and safeguards their operations. Due to the physical and chemical characteristics of hydrogen itself, such as flammability, explosion and fast diffusion speed, the public is generally concerned about the safety of fuel cell vehicles. In the future, if the Company fails to adapt to the changes of national quality standards, fails to strictly control the product quality of externally purchased core components, or causes quality defects or even safety risks due to its own design, production and process, the Company may face administrative penalties, litigation compensation and negative public opinion, which will have adverse effect on the Company's brand reputation and business performance.

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5. Financial risk

(1) *Risk of continued decline in profitability*

In 2025, the Company's loss further expanded, with core profitability indicators continuing to deteriorate. This was primarily attributable to intensified industry price competition and insufficient product sales volume, leading to a lack of economies of scale, coupled with persistently high fixed costs. As a result, product selling prices have been unable to cover costs, which has become the primary factor dragging down the Company's profitability. If the future commercialisation progress of the industry falls short of expectations and sales volume fails to achieve effective growth, the Company's gross profit margin will be difficult to improve. Consequently, the Company will continue to face losses, and its profitability will not be materially enhanced.

(2) *Risk of strain on the capital chain*

The operating cash flow of the Company continued to be under strain, mainly due to the large amount of working capital appropriated to the accounts receivable and inventory of the Company. As the industry in which the Company operates is still in the developmental stage, slow repayment from downstream customers has directly resulted in a significant cash flow gap. If the Company is unable to effectively improve operating cash flow in the future, the Company may be exposed to the risk of insufficient working capital.

(3) *Risk of deterioration in asset quality*

As technological iterations in the fuel cell industry accelerate and market competition intensifies, the Company, based on the accounting principle of prudence, increased the corresponding provision for impairment of assets for equipment with insufficient production capacity utilisation during the Reporting Period. If product prices continue to decline or significant changes occur in the technology roadmap in the future, the Company will face further pressure to recognise provision for decline in value of inventories and impairment losses on fixed assets.

(4) *Risk of insufficient financing capabilities*

As a company that has not yet achieved profit-making, the Company's financing channels primarily rely on equity financing and bank loans, making its financing channels relatively limited. If the financing environment continues to tighten in the future, the Company's financing difficulties and financing costs will further increase.

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6. Industry risk

(1) *Risk of slow industrial commercialisation progress*

The hydrogen industry currently faces issues and challenges such as high hydrogen production costs, insufficient infrastructure, and limited application scenarios. The overall production and sales volume of the market remains relatively small, and the pace of industrial commercialisation is slower than anticipated. As a fuel cell system supplier operating in the core segment of the industry chain, the Company directly bears the operational pressure arising from insufficient downstream demand.

(2) *Risk of intensifying industry competition*

With the rising popularity of the hydrogen industry, competition in the sector has become increasingly fierce, and the intensified market competition has placed continuous pressure on the Company's product prices. Under the dual pressures of declining sales volume and pricing pressure, the decline in product selling prices has outpaced the decline in costs, resulting in a deterioration of the Company's overall profitability.

(3) *Risk of supply chain stability*

The development of core technological breakthroughs and the localization substitution of key materials in the fuel cell industry are still ongoing, and large-scale production has yet to be achieved. Although the Company has consistently pursued independent innovation and established core technological advantages in areas such as fuel cell system integration and stack development, it remains reliant on imported supplies for certain key materials. Any disruption in imports or increase in prices would directly impact the Company's production schedule and cost control.

(4) *Risk of industry compliance and standards*

The hydrogen industry is an emerging industry, and the relevant laws, regulations and industry standards are still being developed. Although the National Energy Administration is promoting the establishment of a hydrogen energy standard system, standards relating to hydrogen safety, environmental protection, product certification and carbon footprint accounting have yet to be fully established. Industry standards have not yet been completely unified, and there are significant regional variations in the performance and safety certification requirements for fuel cell systems. The Company is required to devote substantial resources to obtaining certifications across multiple regions, thereby increasing its compliance costs.

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7. Macro environmental risks

(1) *Policy dependence risk*

As a strategic emerging industry, the development of the hydrogen fuel cell industry is highly dependent on the guidance of national and local government industrial policies and the support of financial subsidies. 2025 marks the final year of the first demonstration period of the policy for the demonstration application of fuel cell vehicles. The policy gap period has to some extent exacerbated the uncertainty of the industry's development. Although the state has drawn a clear blueprint for industrial development and many regions have listed hydrogen energy as a key industry to cultivate, there is still a time lag in the transmission of policy dividends to the actual operating benefits of enterprises. Specifically, the national subsidy funds for the demonstration application of fuel cell vehicles that downstream terminal customers and vehicle manufacturers rely on have been insufficiently and untimely disbursed in the actual process. This directly affects the order release rhythm, project promotion enthusiasm and capital turnover efficiency of the entire industry chain. If subsidies are further reduced or policy support weakens in future years, the Company will face greater operational pressure.

(2) *Macroeconomic fluctuation risk*

In 2025, the domestic macroeconomic environment will generally face pressure. Influenced by this macro background, the Company's pressure on capital turnover continued to increase during the Reporting Period. The tight capital situation was directly transmitted to the operation level, forcing the Company to adjust its market strategy and adopt a more cautious sales policy. It actively reduced some orders with poor payment terms, which led to a year-on-year decline in the sales volume of fuel cell system. Although this adjustment of the business strategy is a necessary measure for the Company to respond to changes in the macro environment, it objectively affected the scale of operating income and overall profitability during the Reporting Period.

(3) *Risk of geopolitical conflicts*

Some of the Company's components rely on imports. Geopolitical conflicts may lead to disruptions in raw material supply and significant price hikes, directly affecting the continuity of the Company's production and operation and increasing production costs.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

II. FINANCIAL REVIEW

(I) Revenue

The Group's revenue was primarily derived from the sales of hydrogen fuel cell systems and components, technology development services and other ancillary operations. The Group's revenue for 2025 was approximately RMB258.54 million, representing a decrease of approximately 29.49% from approximately RMB366.67 million in 2024. The decline in revenue was mainly attributed to the fact that the hydrogen energy industry remained in the early stages of commercialization, with continued pressure on product pricing from intensified market competition. Influenced by the macroeconomic environment and longer payment cycles from downstream customers, the Company experienced increased cash flow pressure. As a result, based on a prudent operating strategy, the Company proactively scaled back orders, leading to a year-on-year decrease in both sales volume and revenue from its core products such as fuel cell systems and components.

1. Disaggregation of revenue by products lines

By major products or service lines:

Revenue from contracts with customers	2025 (RMB'000)	2024 (RMB'000)
– Production and sales of fuel cell systems	121,960	272,660
– Production and sales of fuel cell components	6,940	35,004
– Provision of technology development services	120,039	51,031
– Other	9,598	7,976
Subtotal	258,537	366,671

2. Sales volume and average selling price

Metric Items	2025	2024	Year-on-year change (%)
Sales volume of fuel cell systems (units/sets)	545	742	-26.55
Total sales power (kW)	56370	98800	-42.95
Revenue recognized from fuel cell systems (RMB'000)	121960	272660	-55.27
Average selling price per kW (RMB'000/kW)	2.16	2.76	-21.60

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(II) Cost of sales and services

In 2025, the Group's cost of sales and services decreased to RMB203.89 million from RMB364.96 million in 2024, representing a year-on-year decrease of approximately 44.13%. The significant reduction in costs, which outpaced the decline in revenue, was primarily attributed to the reduction in operational costs under the sales-driven production model and the effectiveness of cost control measures. Coupled with the impact of other items, these factors collectively contributed to a year-on-year improvement in the Group's overall gross profit and gross profit margin.

(III) Gross profit and gross profit margin

In 2025, the Group's overall gross profit increased substantially to RMB54.65 million from RMB1.72 million in the same period last year, with the overall gross profit margin improving from 0.47% to 21.14%. This was mainly driven by the recognition of the comprehensive industrial service project during the current period, which elevated the overall profitability for the period. Excluding the impact of this non-recurring project, the gross profit margin of the Company's main business showed a year-on-year decrease, primarily due to the slower-than-expected commercialization progress of the industry, low capacity utilization, and pressure from fixed cost allocation, which continued to weigh on the gross profit margin of the main products.

(IV) Information on major customers and major suppliers

In 2025, sales to the Group's top five customers amounted to RMB199.82 million, representing 77.29% of total sales for the year, while the largest customer therein accounted for approximately 36.49%.

In 2025, purchases from the Group's top five suppliers amounted to RMB33.91 million, representing 54.84% of the total purchases for the year, and purchases from the largest supplier therein accounted for approximately 24.04%.

During the Reporting Period, the purchases from related party among the top five suppliers of the Group amounted to RMB4.70 million, representing 7.61% of the total purchases for the year, and the related party is the Toyota Sinohytec Fuel Cell Co., Ltd., an associate of the Group. In addition, none of the Directors or any of their close associates or any shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) was interested in the top five customers or suppliers of the Group.

The Company places great importance on customer feedback, which it gathers through ongoing daily interactions and various surveys. In addition, it has established a structured customer service and support system. The Company views customer service as an important opportunity to strengthen relationships with its customers and is committed to responding in a timely manner.

The Company also recognizes the critical role of suppliers in delivering high-quality services. Accordingly, it actively collaborates with its business partners to provide premium and sustainable services.

(V) Other income

In 2025, the Group's other income decreased to approximately RMB47.26 million from approximately RMB67.12 million in 2024. This was mainly due to a decrease in bank interest income of approximately RMB5.13 million in 2025; and a decrease of approximately RMB14.73 million in government grants and subsidies received and recognized in 2025.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(VI) Administrative expenses

In 2025, the Group's administrative expenses slightly decreased to RMB224.00 million from RMB226.70 million in 2024, representing a slight year-on-year decrease of approximately 1.20%. This was mainly attributable to the Company's implementation of expense controls and strict control of non-essential expenditures, to ensure resource allocation for core businesses.

(VII) Selling and distribution expenses

In 2025, the selling and distribution expenses of the Group slightly increased to RMB59.26 million from RMB58.60 million in 2024, representing an increase of approximately 1.12%. This was mainly due to a year-on-year increase in allocated depreciation and amortization expenses for the period, which offset the reduction in other items, leading to a slight overall increase in selling expenses.

(VIII) R&D expenses

In 2025, the R&D expenses incurred by the Group decreased to RMB47.84 million from RMB97.01 million in 2024, representing a decrease of approximately 50.69%. During the period, the Company proactively reduced R&D investments in new areas while streamlining R&D personnel and decreasing external cooperation, in order to concentrate resources on the iteration and upgrading of existing product technologies. In addition, the Company conducted a prudent review of previously capitalized projects and expensed the R&D expenditures that could not continuously generate economic benefits. These factors contributed to a reduction in the scale of R&D spending for the period.

(IX) Impairment losses of financial assets, net

In 2025, the Group's net impairment losses of financial assets increased significantly to RMB256.53 million from RMB202.39 million in 2024, mainly due to the expanded provision for credit impairment losses on trade receivables made by the Company based on the principle of prudence during the Reporting Period.

The slower-than-expected commercialization of the hydrogen energy industry and delayed subsidy disbursements, along with intensified market competition, have put overall financial pressure on downstream vehicle customers, leading to longer payment cycles. As a result, the proportion of long-aged receivables in the Company's trade receivables increased significantly. As of the end of 2025, the proportion of receivables aged 2-3 years and above in the total trade receivables balance rose to 77.49% from 47.59% in the previous year, indicating an overall increase in customer credit risk. The Company strictly followed accounting standards by applying the expected credit loss model to make provision for credit impairment losses. For customers with objective evidence of impairment, provisions were made on individual basis. For other receivables, an aging portfolio method was applied in conjunction with a migration rate method for cross-verification, ensuring that provisions were adequate and fair. This ultimately led to a year-on-year increase in the net impairment losses of financial assets for the period.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(X) Impairment losses of non-current assets, net

In 2025, the Group's impairment losses of non-current assets, net increased significantly from RMB8.17 million in 2024 to RMB134.72 million, representing a substantial year-on-year increase. Such increase was primarily attributable to the recognition of material asset impairment provisions on the Group's two core asset groups during the Reporting Period.

1. Reasons for impairment

On March 16, 2026, MIIT, MOF and the National Development and Reform Commission jointly issued the "Notice on Carrying out Hydrogen Energy Comprehensive Application Pilot Work" (《關於開展氫能綜合應用試點工作的通知》) (the "Notice"), under which the national target for fuel cell vehicle is to strive for 100,000 units by 2030. This represents a significant decrease compared with the forecast of 500,000 vehicles set out in the Energy-saving and New Energy Vehicle Technology Roadmap 3.0 (《節能與新能源汽車技術路線圖3.0》) published by the China Society of Automotive Engineers. Impairment indicators emerged, including a slowdown in the commercialisation progress of the fuel cell industry, intensifying market competition, and a severe under-utilisation of production capacity.

The Company engaged an independent valuation firm qualified to carry out securities and futures related businesses to perform an impairment test on the relevant asset groups using December 31, 2025 as the valuation date. The valuation firm issued its final asset valuation report on April 20, 2026. Based on the valuation results, the Company recognised a corresponding non-current asset impairment of RMB135 million for the 2025.

2. Impairment test and valuation procedures

The Company engaged a valuation firm qualified to carry out securities and futures related businesses to ensure fairness and compliance of the impairment provision. Using December 31, 2025 as the valuation date, the recoverable amount of the asset groups was measured using the income approach, determined as 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.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

3. Key valuation parameters and assumptions

The key parameters and assumptions used in the impairment test were determined prudently based on the latest industry policies, market data and the Company's actual operating conditions:

Cash flow projections: Based on the adjusted industry inventory retention targets, and taking into account the Company's orders on hand, historical sales data and cost reduction trends, the future revenue, gross profit margin and working capital of the two asset groups were re-measured;

Discount rate: A pre-tax discount rate of 15% was adopted, which takes into consideration the risk-free rate of return, market risk premium, industry-specific risks and risks associated with the Company's own operating stage;

Forecast period: Determined based on the remaining economic life of the major assets under a simple maintenance scenario. The forecast period for the SinoHytec asset groups is from 2026 to 2037, and for the Shanghai SinoFuelCell asset groups is from 2026 to 2038;

Other assumptions: It is assumed that the principal businesses will remain unchanged during the forecast period, with only maintenance capital expenditure required to sustain existing production capacity, and no major expansion or divestment plans, which is consistent with the Company's current strategic positioning.

The discount rate and future cash flow forecast data adopted in the impairment test for the Reporting Period were adjusted as compared with those adopted for the corresponding period last year. The adjustments were mainly attributable to the fact that the estimation of the recoverable amount of assets must be based on the latest market environment, industry data and the Company's operating conditions as of December 31, 2025. Following the issuance of the Notice in or around mid-March 2026, a significant discrepancy arose between the policy target of 100,000 units and the previous forecast data of 500,000 units as explained above. As a result, the management of the Company was required to re-assess the recoverable amount of certain non-current assets after taking into account the impact of the Notice on the Company's future operating performance, and correspondingly adjust the parameters and data used in the impairment test in order to forecast future cash flows.

4. Impairment provision results and impact

According to the report issued by an independent valuation firm, the recoverable amount of the asset groups was lower than the carrying amounts. Accordingly, the Company recognised impairment provisions on the relevant assets, with the specific components as follows:

Impairment losses on property, plant and equipment: RMB91.26 million;

Impairment loss on intangible assets: RMB39.35 million;

Impairment losses on right-of-use assets: RMB4.11 million. The total recognised impairment losses of non-current assets, net amounted to RMB134.72 million, which was included in profit or loss of the current period.

In summary, the recognition of impairment in this instance represents a prudent treatment based on the accounting principle of prudence, which objectively reflects the true recoverable value of the relevant assets. Although it has a one-off negative impact on the Company's net profit for the current period, it does not affect the normal operation of the Company's core business nor its long-term development strategy.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(XI) Finance costs

In 2025, the Group's finance expenses increased from RMB17.81 million in 2024 to RMB23.01 million, representing a year-on-year increase of approximately 29.27%. Such increase was mainly affected by the fluctuation of RMB exchange rates during the Reporting Period. Meanwhile, interest expense decreased year-on-year as the Company optimised its debt structure. The Company will continue to monitor exchange rate risks to mitigate the impact of exchange rate fluctuations on finance expenses.

(XII) Income tax expense/credit

In 2025, the Group's income tax expense amounted to RMB73.24 million, representing a year-on-year increase of 742.82% from RMB8.69 million in 2024. The significant increase in income tax expense for the period was primarily attributable to the impact of new policies in the hydrogen energy industry, as the Company prudently adjusted its future profit forecasts. Based on an assessment of the realizability of future deductible temporary differences, the Group offset certain deferred income tax assets, resulting in a corresponding increase in current income tax expense. The income tax expense for the period mainly consisted of deferred income tax expense, of which deferred income tax expense amounted to RMB64.46 million and current income tax expense amounted to RMB8.78 million.

(XIII) Loss attributable to owners of the Company

In 2025, the loss attributable to owners of the Company widened from RMB451.80 million in 2024 to RMB618.50 million. The widening of the loss for the year was primarily attributable to a combination of multiple factors: (i) the commercialisation progress of the industry fell short of expectations, coupled with intensifying market competition, and the Company adopted prudent market strategies, resulting in a decline in sales volume of fuel cell systems and a significant decrease in revenue from core businesses; (ii) based on the principle of accounting prudence, impairment losses on financial assets and non-current assets recognised for the period increased significantly as compared with the corresponding period of the previous year, exerting a material impact on the results for the period; (iii) affected by the operating conditions of investee companies and the market environment, investment losses in associates increased year-on-year; and (iv) in light of the latest hydrogen energy industry policies, the Company made prudent adjustments to its future profit forecasts, leading to a corresponding increase in income tax expense, which further enlarged the loss for the year. The aforementioned factors collectively resulted in an increase in loss attributable to owners of the Company for the period as compared with the corresponding period of the previous year.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(XIV) Liquidity, capital resources and current ratio

As at December 31, 2025, the Group's cash and cash equivalents amounted to approximately RMB373.00 million, representing a decrease of approximately 48.15% from approximately RMB719.39 million in 2024. Such decrease was primarily attributable to an increase in net cash outflow from financing activities. During the period, the Company strictly controlled the incurrence of new debt while repaying certain due borrowings, resulting in a change of net cash flows from financing activities from net inflow to net outflow.

As at December 31, 2025, the Group's net current assets amounted to approximately RMB1,271.89 million, with a current ratio of 1.94, representing a slight increase from 1.87 in the previous year.

(XV) Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. To mitigate credit risk, it conducts continuous credit reviews and monitors the financial condition of its customers and debtors. In managing liquidity risk, the Board maintains close oversight of the Group's cash resources to ensure sufficient funds are available to meet obligations and commitments on a timely basis.

(XVI) Gearing ratio

The gearing ratio is calculated as net debt divided by total equity attributable to owners of the parent company. Net debt includes bank loans and other borrowings, trade payables and notes payable, other payables and accrued expenses, and lease liabilities, less cash and bank balances and structured deposits. The Group's gearing ratio increased from 38.7% in 2024 to 48.3% in 2025. A higher ratio for the current period was mainly attributable to a larger loss for the period, reducing equity attributable to owners of the parent company, which in turn, resulted in a rise in the ratio.

(XVII) Borrowings and mortgage of the Group's assets

As at December 31, 2025, the Group's total outstanding borrowings amounted to RMB442.65 million, representing a year-on-year decrease of approximately 42.69% from RMB772.44 million as at the end of 2024. Such decrease was mainly attributable to the Company's proactive reduction of debt scale and optimisation of its capital structure. All borrowings for the period were short-term borrowings, with no long-term borrowings outstanding. The debt maturity profile is predominantly short-term, with both the overall debt scale and the level of financial leverage having declined. The range of effective interest rates on the borrowings was 2.05% to 3.60% per annum in the Reporting Period. The Group's bank deposits and bank loans bear interests at fixed interest rates, and the Group does not have any bank loans and other borrowings bearing interest at floating rates.

(XVIII) Capital commitments

The Group's capital commitments comprise contracted but not provided for capital commitments in respect of the acquisition of property, plant and equipment, as well as associates and other unlisted investments. As at December 31, 2025, the Group recorded total capital commitments of RMB0.00 million.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(XIX) Capital expenditure

The Group's capital expenditure primarily relates to payments for property, plant and equipment and lease payments for land. In 2025, the Group's total capital expenditure decreased from RMB91.86 million in 2024 to RMB31.24 million. Such decrease was mainly attributable to the Company's adjustment of its production capacity expansion pace in light of changes in the industry environment and its own financial position, as well as the deceleration of certain non-core expansion projects. The Group mainly maintained necessary equipment upgrades and maintenance expenditures for its existing production lines to navigate industry fluctuations, thereby optimising the overall efficiency of resource allocation.

(XX) Material acquisitions

On March 12, 2025, the Company disclosed the "Plan for Purchase of Assets by Issuance of Shares for Raising Supporting Funds and Related Transactions" (《發行股份購買資產並募集配套資金暨關聯交易預案》), and proposed to purchase 100% equity interest in Dingzhou Risun Hydrogen Energy Co., Ltd. (定州旭陽氫能有限公司) by way of issuance of shares for raising ancillary funds (the "**Transactions**"). The Transactions were expected to constitute a major asset restructuring and connected transactions. During the Reporting Period, the Company and all relevant parties actively advanced all aspects of the Transactions and fulfilled their information disclosure obligations in accordance with the applicable requirements. Progress announcements were disclosed on April 12, June 7, July 7 and August 7, 2025, respectively.

On September 5, 2025, the Company convened the third meeting of the fourth session of the Board, considered and approved the "Resolution on Termination of the Purchase of Assets by Issuance of Shares for Raising Supporting Funds and Related Transactions" (《關於終止發行股份購買資產並募集配套資金暨關聯交易事項的議案》), and resolved to terminate the major asset restructuring. The termination was due to the failure of all relevant parties to the Transactions to reach a consensus on the final plan for the Transactions, and in order to safeguard the interests of the Company and investors, the Company has, after friendly consultation with all relevant parties, careful research and thorough demonstration, decided to terminate the transactions out of prudence. As the Transactions were still in the preliminary stage, the termination did not need to be submitted to general meeting for consideration.

The termination of the restructuring did not have any significant adverse impact on the Company's daily production and operation, development of core business or financial position, and the Company's production and operation remained normal.

(XXI) Risk of foreign exchange and exchange rate

Although the Group primarily conducts its business in the PRC, with most of its transactions denominated and settled in RMB, it also carries out operations in other overseas markets. As a result, the Group is exposed to foreign exchange risk arising from fluctuations in the exchange rates between RMB and the currencies involved in the conduct of its relevant businesses.

As at December 31, 2025, the Group had not entered into any hedging transactions in respect of its foreign exchange risk, and the Group has not formulated any foreign currency hedging policies for foreign currency transactions, assets, and liabilities. The directors anticipate that fluctuations in the exchange rate of RMB will not have any material negative impact on the Group's operations.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(XXII) Employees and remuneration policy

As of December 31, 2025, the Group had a total of 482 full-time employees. We primarily recruit through recruitment agencies, on-campus job fairs, employee referrals, and online channels, including our Company website and social media platforms.

III. DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT

(I) Development strategy of the Company

The Company will continue to contribute to China's goal of "carbon peaking and carbon neutrality" starting from the advanced hydrogen fuel cell technology, and strive to become a world leading fuel cell system supplier and a pioneer of global hydrogen energy technology. In the future, the Company plans to implement the following strategies to realize such goal:

- I. Seize policy opportunities and deepen pilot applications: Actively participating in hydrogen energy comprehensive application pilot projects in urban clusters, the Company will leverage its technological advantages in fuel cell systems and draw on the resource endowments of regions such as Beijing-Tianjin-Hebei area and Zhangjiakou, aiming to promote the large-scale application of scenarios including medium- and heavy-duty commercial vehicles and cold chain logistics.
- II. Expand diverse scenarios and drive growth momentum: Focusing on the "1+N+X" application ecosystem, the Company will actively explore related industrial and innovative application scenarios to refine the entire chain of "production, storage, transportation, and utilization", while consolidating its advantages in the transportation fields.
- III. Strengthen technological R&D and solidify the foundation of product competitiveness: The Company will continue to focus on core technical indicators such as environmental adaptability, durability and reliability of fuel cell systems. Through the vertically integrated R&D roadmap, it will continuously optimize product design, processes, and integration solutions. While enhancing product performance, the Company will drive further optimization of system costs, consistently improving its technological advantages and market competitiveness in the field of fuel cell systems and core components.
- IV. Optimize capital structure and enhance operational resilience: Given that the industry is still in its early stages of commercialization and the continued pressure on cash flow, the Company will continue to strengthen its capital structure management, strategically leveraging various tools such as equity financing and supply chain finance to reasonably align funding needs with the appropriate timing of fund utilization. Moving forward, the Company will rigorously mitigate operational risks, and bolster its ability to withstand risks and operational resilience in a complex market environment, in order to build a solid foundation for stable operations and sustainable development.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(II) Operation plan

In 2026, the Company will continue to adhere to the business philosophy of “market-oriented and customer-centered”, firmly seize the policy opportunities brought by the in-depth advancement of the national “dual carbon” strategy, focus on its core business, and work meticulously. It will further enhance the efficiency of product development and quality management, strengthen marketing and expand market sales scale. At the same time, the Company will deepen the strategic coordination of the industrial chain, based on the diverse attribute values of hydrogen energy, explore and expand the potential of comprehensive utilization scenarios of new energy to comprehensively assist listed companies in achieving high-quality and sustainable development.

1. Leverage Core R&D advantages to improve R&D, testing and verification capabilities

The Company has always adhered to the overall layout of “Advance Research, Continuous Development and In-depth Promotion” during R&D. In 2026, the Company will continue to be market-oriented and customer-centric in product development planning, focusing on optimizing low-temperature activation performance, improving product reliability, durability and integration and other core technical indicators. At the same time, the Company will accelerate the construction of fuel cell comprehensive testing and evaluation center to further improve the R&D, testing and verification capabilities.

2. Optimize the quality management system and improve quality and service assurance capabilities

In 2026, the Company will continue to promote the quality culture of full participation and full-process control, and strengthen the quality responsibility mechanism guided by target results. At the same time, in terms of quality control, the Company will start from management and technical means, and further consolidate the foundation of quality management by establishing a key business quality assurance system and a quality monitoring and management system. In terms of customer service, the Company will improve service efficiency and capability by promoting the model of service station and improving after-sales facilities, so as to enhance customer experience and further improve customer satisfaction.

3. Strengthen market expansion and steadily expand sales scale

The Company continued to take “point, line and plane” as its market development strategy, focused on market development and expansion around demonstration city clusters for fuel cell and potential cities, strengthened communication with customers, and deployed development plans in advance based on the characteristics of customer demand to improve market development efficiency. On the other hand, the Company promoted the application of its fuel cell systems through assisting commercial vehicle manufacturers in their testing of prototypes and production and launch of new fuel cell vehicle models.

4. Deepen strategic coordination, explore the diverse values of hydrogen energy and broaden development paths

The Company will further enhance its deep strategic collaboration with upstream and downstream enterprises in the industrial chain. Leveraging its existing technological foundation, it will actively explore the diverse value attributes of hydrogen energy and deeply explore the potential of comprehensive utilization of new energy in various scenarios. Based on the existing fuel cell business, the Company will lead with technological innovation, strive to broaden its development paths, promote the application of technologies to more extensive hydrogen energy fields, enrich technical application scenarios, and achieve the expansion from single power application to diversified comprehensive utilization of hydrogen energy. Through the establishment of an all-round industrial collaboration system, integrating high-quality resources in the industrial chain, the Company will enhance its comprehensive competitiveness and achieve high-quality and sustainable development.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

IV. OTHER DISCLOSURES

(I) Sufficiency of public float of H shares

As of the date of this report, based on the publicly available information and to the best knowledge of Directors, the Directors believe that the public float of the Company complies with Rule 8.08 of the Listing Rules and the minimum public float requirement of the Hong Kong Stock Exchange.

(II) Interests of Directors in business in competition with the Company

As of the date of this report, none of the Directors had an interest in another business which competes or is likely to compete, either directly or indirectly, with the business of the Company.

(III) Directors' service contracts

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

(IV) Directors' and Supervisors' interests in transactions, arrangements or contracts of significance

Neither the Company nor its subsidiaries had entered into any significant transactions, arrangements or contracts in which the Directors, Supervisors or entities connected with the Directors or Supervisors directly or indirectly had material interests during the Reporting Period.

(V) Permitted indemnity provision

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Reporting Period. The Company has arranged appropriate insurance coverage in respect of potential legal actions and liabilities against the Directors and senior management.

(VI) Pre-emptive rights arrangement

According to the PRC laws and the Articles of Association, the shareholders of the Company have no pre-emptive rights.

(VII) Responsibility statement of the Board on risk management, internal control and compliance management

The Board has the ultimate responsibility for the Group's risk management, internal control and compliance management, and for reviewing the effectiveness of these systems. Considering that the above risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, the Board can only provide reasonable and not absolute assurance against material misstatement or loss.

(VIII) Remuneration of Directors and Senior Management

Details of the remuneration of Directors and senior management are set out in "Section IV Corporate Governance" of this report.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(IX) Purchase, sale or redemption of the Company's shares

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities. As of December 31, 2025, the Company did not hold any treasury shares.

(X) Significant events after the Reporting Period

As disclosed in the announcement of the Company dated February 2, 2026, the Stock Exchange has confirmed that Mr. Kang Zhi ("**Mr. Kang**") meets the qualification to act as the company secretary of the Company under the Rules 3.28 and 8.17 of the Listing Rules.

With effect from February 2, 2026, (a) Mr. Lau Kwok Yin ("**Mr. Lau**"), a vice president of SWCS Corporate Services Group (Hong Kong) Limited (a professional service provider specializing in corporate services), resigned from his position as (i) a joint company secretary of the Company; and (ii) an authorised representative of the Company (the "**Authorised Representative**") under Rule 3.05 of the Listing Rules; (b) Mr. Kang has been appointed as the Authorised Representative; and (c) Mr. Lau has been appointed as the alternate to the Authorised Representative to Mr. Kang. Following Mr. Lau's resignation, Mr. Kang will continue to serve as the sole company secretary of the Company.

Save as disclosed above and in this report, as at the date of this report, there are no significant events after the Reporting Period in respect of the Group and no significant events requiring disclosure have taken place subsequent to December 31, 2025 to the date of this report.

(XI) Management contracts

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during 2025.

(XII) Directors' and Supervisors' rights to acquire shares or debentures

None of the Directors and Supervisors or their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right during the Reporting Period.

(XIII) Equity-linked agreements

No equity-linked agreements were entered into by the Company during 2025 and no any such agreement subsisted at the end of 2025.

(XIV) Major customers and suppliers

For details of major customers and suppliers, please refer to "II. FINANCIAL REVIEW- (IV) Information on major customers and major suppliers" of "Section III Management Discussion and Analysis" of this report.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(XV) Pension schemes

The Group participates in state-managed retirement benefit schemes established by the respective local governments for its employees in Mainland PRC. Pursuant to the relevant regulations, the premiums and welfare benefit contributions borne by the Group are calculated and paid to the relevant labor and social welfare authorities on a regular basis. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC-based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government. In addition, our employees in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other social insurance plans. The Company contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling.

There are no forfeited contributions (by the Group on behalf of its employees who leave the scheme prior to vesting fully in such contributions) available to the Group to reduce the contributions payable in future years or to reduce the Group's existing level of contributions to the pension scheme.

(XVI) Reserves and distributable profit reserves

Please refer to "30. Reserves" of "Section V Financial Statements" in this Report for details of the changes in the reserves and reserves of distributable profits of the Company.

(XVII) Fixed assets

For details of the fixed assets of the Group as of December 31, 2025, please refer to "12. Property, plant and equipment" of "Section V Financial Statements" in this report.

(XVIII) Contracts with controlling shareholders

During the Reporting Period, no material contract has been entered into between the Company or any of its subsidiaries and the controlling shareholder or any of its subsidiaries, and no material contract for the provision of services to the Company or any of its subsidiaries by the controlling shareholder or any of its subsidiaries was entered into.

(XIX) Change of consolidation scope

1. On April 11, 2025, the Company established Zhangjiakou Lingtan Technology Co., Ltd. (張家口菱碳科技有限公司) as a wholly-owned subsidiary;
2. On April 23, 2025, Beijing SinoHytec Hydrogen Energy Technology Co., Ltd. (北京億華通氫能科技有限公司), a holding subsidiary of the Company, established Zigong SinoHytec Hydrogen Technology Co., Ltd. (自貢億華通氫能科技有限公司), holding 100% of the shares;
3. On May 21, 2025, Zhangjiakou Lingtan Technology Co., Ltd. (張家口菱碳科技有限公司), a wholly-owned subsidiary of the Company, established Guyuan County Tongyuan New Energy Co., Ltd. (涪源縣通源新能源有限公司), holding 85% of the shares;

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. On June 12, 2025, Guyuan County Tongyuan New Energy Co., Ltd. (沽源縣通源新能源有限公司), a holding subsidiary of the Company, established Guyuan County Yigu New Energy Co., Ltd. (沽源縣億谷新能源有限公司), holding 100% of the shares;
5. On June 12, 2025, Guyuan County Tongyuan New Energy Co., Ltd. (沽源縣通源新能源有限公司), a holding subsidiary of the Company, established Guyuan County Tonggu New Energy Co., Ltd. (沽源縣通谷新能源有限公司), holding 100% of the shares;
6. On June 12, 2025, Guyuan County Tongyuan New Energy Co., Ltd. (沽源縣通源新能源有限公司), a holding subsidiary of the Company, established Guyuan County Yifeng New Energy Co., Ltd. (沽源縣億楓新能源有限公司), holding 100% of the shares;
7. On May 23, 2025, Shanghai SinoFuelCell Co., Ltd. (上海神力科技有限公司), a holding subsidiary of the Company, established Qingqi Shenli Technology (Nanchong) Co., Ltd. (氫啟神力科技(南充)有限公司), holding 100% of the shares;
8. On May 26, 2025, Chengdu SinoHytec Power Technology Co., Ltd. (成都億華通動力科技有限公司), a wholly-owned subsidiary of the Company, established Shurong Kongjian (Sichuan) Hydrogen Technology Co., Ltd. (蜀蓉空間(四川)氫能科技有限公司), holding 100% of the shares;
9. On June 23, 2025, Beijing SinoHytec Hydrogen Energy Technology Co., Ltd. (北京億華通氫能科技有限公司), a holding subsidiary of the Company, and Guangxi Zhongdian Huatong New Energy Technology Co., Ltd. (廣西中電華通新能源科技有限公司) jointly established Guangxi Hydrogen Energy Technology Innovation Center Co., Ltd. (廣西氫能技術創新中心有限公司), holding aggregate 55% of the shares;
10. On December 11, 2025, the Company established Beijing Yihuatong Energy Storage Technology Co., Ltd. (北京億華通儲能科技有限公司) as a wholly-owned subsidiary;
11. During the Reporting Period, the Company transferred all the equity of Zhangjiakou Guoqing Technology Co., Ltd. (張家口國氫科技有限公司) and Zhangjiakou Qingtong Technology Co., Ltd. (張家口氫通科技有限公司);
12. On July 2, 2025, the Company dissolved its holding subsidiary, Guangxi Lingyun Zhongdian Huatong New Energy Technology Co., Ltd. (廣西凌雲中電華通新能源有限公司).

Save as disclosed above, there were no other significant changes in the scope of consolidation of the Company during the Reporting Period.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(XX) Profit distribution policy of the Company

The Company attaches great importance to the return to shareholders and has specified the profit distribution policy of the Company in the Articles of Association, including the form of profit distribution, specific conditions and proportion of cash dividends, conditions for share dividend distribution, specific decision-making mechanism and procedures for profit distribution, etc.

There was no arrangement under which a shareholder waived or agreed to waive any dividends during the Reporting Period.

(XXI) Tax credit

The Directors are not aware of any tax credit available to the Shareholders by reason of their holding of the Company's securities.

(XXII) Analysis of financial position

The Company implements a prudent financial policy, establishes a strict risk control system for investment, financing and cash management, and always maintains a stable capital structure and good financing channels. The Company strictly controls the scale of loans, and at the same time meets the capital needs of the Company's operating activities, and makes full use of financial instruments to reduce financial expenses and prevent financial risks in a timely manner, so as to achieve sustainable development of the Company and maximize shareholders' value.

Liquidity and capital structure	Closing	Opening
(1) Asset-liability ratio	41.01%	40.50%
(2) Quick ratio (times)	1.87	1.76
(3) Current ratio (times)	1.94	1.87

Notes:

- (1) Asset-liability ratio = Total liabilities/Total assets
- (2) Quick ratio = (Current assets – Inventories)/Current liabilities
- (3) Current ratio = Current assets/Current liabilities

(XXIII) Exposure to fluctuations in exchange rates

The Company's main operations are located in the PRC and its main businesses are settled in RMB. However, the Company is exposed to foreign exchange risk arising from the recognized assets and liabilities and future transactions denominated in foreign currencies, primarily with respect to US dollars. The finance department of the Company is responsible for monitoring the scale of foreign currency transactions and foreign currency assets and liabilities of the Company to minimize the exchange rate risk. As of December 31, 2025, the Group has not formulated any foreign currency hedging policies for foreign currency transactions, assets, and liabilities. In this regard, the Company will pay close attention to the foreign exchange rate on the public website of the State Administration of Foreign Exchange in real time to avoid the exchange rate risk.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(XXIV) Contingent liabilities

Save as disclosed in this report, as of December 31, 2025, the Group did not have any material contingent liabilities.

(XXV) Significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures, and future plans for material investments or capital assets

Save as disclosed in this report, during the Reporting Period, the Group had no significant investments, no material acquisitions and disposals of subsidiaries, associates and joint ventures, and no future plans for material investments or capital assets.

(XXVI) Details of charges on assets of the Company

For details of the charges on assets of the Company, please refer to “12. Property, plant and equipment”, “15. Intangible assets”, “22. Cash and bank balances”, and “25. Bank and other borrowings” in “Section V Financial Statements”.

(XXVII) Use of proceeds from the Global Offering

The Company issued ordinary shares at HK\$60 per share, offered 17,628,000 H shares in Hong Kong and over-allotted 670,450 H shares in the nominal value of RMB1.00 per H share, which were listed on the Main Board of the Hong Kong Stock Exchange on January 12, 2023 and February 8, 2023, respectively. The net proceeds from the Global Offering (the “**Net Proceeds from the Global Offering**”) received by the Company, after deducting underwriting fees and commissions and other expenses payable by the Company in connection with the Global Offering, amounted to approximately HK\$1,022 million (equivalent to approximately RMB886 million), representing the net price of approximately HK\$55.85 per H share.

As of December 31, 2025, the Net Proceeds from the Global Offering were used as follows. The Group will further use the Net Proceeds from the Global Offering for the proposed purposes set out in the prospectus of the Company dated December 29, 2022.

Use of proceeds	Approximate percentage of the total Net Proceeds from the Global Offering (%)	Allocation of the Net Proceeds from the Global Offering RMB million (approximately)	Utilized amount of the Net Proceeds from the Global Offering during the Reporting Period RMB million (approximately)	Unutilized Balance as of December 31, 2025 RMB million (approximately)	Proposed timeline for the use of unutilized Net Proceeds from the Global Offering
Develop a new generation of integrated research and development platform	50.20	444.90	16.71	380.92	By end of December 31, 2028
Financing overseas research and development projects	24.80	219.79	–	219.79	By end of December 31, 2028
Product promotion and marketing	15.00	132.94	11.56	73.04	By end of December 31, 2028
General working capital	10.00	88.63	–	–	–
Total	100	886.26	28.27	673.75	

SECTION III

MANAGEMENT DISCUSSION AND ANALYSIS

Due to the overall pace of industry development and changes in external market conditions, the unutilized proceeds from the Global Offering could not be fully spent by the expected date (which was originally expected to be before December 31, 2025). The Company believes it can better address its actual circumstances by adopting a more prudent strategy and making appropriate adjustments in utilizing the proceeds; accordingly, the Company has extended the expected date to December 31, 2028.

(XXVIII) Use of proceeds from the Placing of H Shares

On December 16, 2025, the Company, as issuer, and Guotai Junan Securities (Hong Kong) Limited (the “**Placing Agent**”), as placing agent, entered into a placing agreement (the “**Placing Agreement**”), pursuant to which the Placing Agent has conditionally agreed to procure not less than six placees, on a best effort basis, to subscribe for up to 8,880,000 new H Shares (the “**Placing Share(s)**”) at the placing price (the “**Placing Price**”) of HK\$22.68 per Placing Share (the “**Placing**”). The closing price as quoted on the Stock Exchange on December 15, 2025 (being the date on which the Placing Agreement was fixed) was HK\$26.68 per H Share. The Placing was conducted under the general mandate granted to the Board at the annual general meeting held on December 15, 2025, and for the purpose of, among others, raising additional funds and strengthening the Group’s financial position.

Completion of the Placing (the “**Completion**”) took place on December 23, 2025, whereby a total of 8,880,000 Placing Shares have been successfully placed by the Placing Agent to no less than six placees whose beneficial owners are independent third parties at the Placing Price pursuant to the Placing Agreement, representing approximately 3.83% of the total issued share capital of the Company immediately before the Completion and approximately 3.69% of the total issued share capital of the Company immediately upon the Completion. The aggregate nominal value of the Placing Shares of RMB1.00 each is RMB8,880,000. The net proceeds from the Placing (the “**Placing Net Proceeds**”), after deducting related fees and expenses, are approximately HK\$197.72 million (equivalent to approximately RMB179.27 million), representing a net issue price of approximately HK\$22.27 per Placing Share. As of December 31, 2025, approximately RMB179.27 million of the Placing Net Proceeds remained unutilized and this remaining balance was kept in the Group’s bank account. Set out below is the breakdown of the use of the Placing Net Proceeds up to, and the unutilized balance thereof as of December 31, 2025.

Use of Proceeds	Approximate percentage of the total Placing Net Proceeds (%)	Allocation of the Placing Net Proceeds RMB million (approximately)	Placing Net Proceeds utilized up to December 31, 2025 RMB million (approximately)	Unutilized Balance as of December 31, 2025 RMB million (approximately)	Proposed timeline for the use of unutilized Placing Net Proceeds
Repayment of bank loans	90.00	161.35	–	161.35	By end of December 31, 2026
General working capital, including (i) rental cost, (ii) staff expenses, (iii) professional fee, and (iv) other administrative expense	10.00	17.93	–	17.93	By end of December 31, 2026
Total	100	179.27	–	179.27	

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

The Company intends to use the Placing Net Proceeds in the same manner and proportion as set out in the announcements of the Company dated December 16, 2025 and December 23, 2025. As of the date of this annual report, the Company does not anticipate any change to its plan on the use of the Placing Net Proceeds.

For details of the Placing, please refer to the announcements of the Company dated December 16, 2025 and December 23, 2025.

(XXIX) Interests and short positions of Directors in the shares and underlying shares or debentures of the Company and its associated corporations under Hong Kong laws and regulations

As of December 31, 2025, based on the information available to the Company and to the best knowledge of the Directors, the following Directors of the Company had interests and/or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules, or interests and/or short positions required to be recorded in the register kept by the Company under section 352 of the SFO:

Interests in shares of the Company

Name	Nature of interest	Class of shares	Number of shares held	Approximate percentage of interest in the relevant class of shares (%)(Note 1)	Approximate percentage of interest in the total shares (%)(Note 1)
Zhang Guoqiang	Beneficial owner	A Shares	36,444,469 (Long position)	18.61	15.15
Song Haiying	Beneficial owner	A Shares	2,381,163 (Long position)	1.22	0.99
Dai Dongzhe	Beneficial owner	A Shares	323,331 (Long position)	0.17	0.13

Note:

- The percentage is calculated by dividing the number of relevant class of shares of the Company in issue as of December 31, 2025 by the total number of shares.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

Interests in associates of the Company

Name	Name of associate	Capacity/ Nature of interest	Approximate percentage of shareholding (%)
Song Haiying	Zhangjiakou Haiper	Interest of controlled corporation ^(Note 1)	29.26

Note:

1. As of the end of the Reporting Period, Zhangjiakou Qindahang Technology Partnership (L.P.) holds approximately 29.26% equity interest in Zhangjiakou Haiper. Zhangjiakou Qindahang Technology Partnership (L.P.) is owned as to 80% by Song Haiying. Accordingly, Song Haiying is deemed to be interested in the equity interest held by Zhangjiakou Qindahang Technology Partnership (L.P.) by virtue of the SFO.

Save as the interests disclosed above, as of December 31, 2025, none of the Directors, chief executive of the Company or their respective associates had any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations.

(XXX) Donations

During the Reporting Period, the Group helped the development of rural education and externally donated RMB 0.05 million of learning and living materials.

(XXXI) Related party transactions

During the Reporting Period, there was no related party transaction which constituted a connected transaction or continuing connected transaction required to be disclosed under Chapter 14A of the Listing Rules. For details of the Company's related party transactions, please refer to "34. Related party transactions" in "Section V Financial Statements" of this report. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules during the Reporting Period.

(XXXII) Connected transactions

During the Reporting Period, the Company entered into the following connected transactions which are required to be disclosed in this report in accordance with Chapter 14A of the Listing Rules.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

1. Continuing connected transactions with SinoHytec Hydrogen and its subsidiaries (the “SinoHytec Hydrogen Energy Group”)

On October 30, 2024, the Company and SinoHytec Hydrogen entered into (i) a sales of goods agreement (the “**Sale of Goods Agreement**”), pursuant to which the Group (other than the SinoHytec Hydrogen Energy Group) provides goods required for the production and operation of SinoHytec Hydrogen Energy Group; and (ii) a technological services agreement (the “**Technological Services Agreement**”), pursuant to which the Group (other than the SinoHytec Hydrogen Energy Group) provides technological services to SinoHytec Hydrogen Energy Group for its research and development process (together the “**CCT Agreements**”). Both of the CCT Agreements have a term commencing from October 30, 2024 to December 31, 2026 (both days inclusive).

On October 23, 2025, the Company entered into the supplemental agreements in relation to the CCT Agreements (each, the “**Sale of Goods Supplemental Agreement**” and the “**Technological Services Supplemental Agreement**”, respectively; collectively the “**Supplemental CCT Agreements**”), whereby (i) the existing annual caps under the Sales of Goods Agreement for the Reporting Period and the year ending December 31, 2026 were revised to RMB18 million and RMB18 million, respectively, pursuant to the Sale of Goods Supplemental Agreement; and (ii) the existing annual caps under the Technological Services Agreement for the Reporting Period and the year ending December 31, 2026 were revised to RMB10 million and RMB10 million, respectively, pursuant to the Technological Services Supplemental Agreement. For details of the Supplemental CCT Agreements, please refer to the announcement of the Company dated October 23, 2025.

On December 3, 2025, the Company entered into the second supplemental agreement of the Sale of Goods Agreement (the “**Second Sale of Goods Supplemental Agreement**”), pursuant to which the existing annual caps under the Sale of Goods Agreement (as amended and supplemented by the Sale of Goods Supplemental Agreement) for the Reporting Period and the year ending December 31, 2026 were further revised to RMB33 million and RMB38 million, respectively. For details of the Second Sale of Goods Supplemental Agreement, please refer to the announcement of the Company dated December 3, 2025.

SinoHytec Hydrogen is owned as to 72.22% and 24.56% by the Company and Tonglan Technology, respectively. Ms. Song Haiying and Ms. Dai Dongzhe, the executive Directors are the general partners of Tonglan Technology. SinoHytec Hydrogen is thus a connected subsidiary of the Company and a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions contemplated under the CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that they have been entered into (i) in the ordinary and usual course of the business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Company’s shareholders as a whole.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to rule 14A.56 of the Listing Rules, the Company's auditors were engaged to report on the above continuing connected transactions. The auditors have provided a letter to the Board confirming that nothing has come to their attention that causes them to believe that the continuing connected transactions (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (iv) have exceeded the cap.

Save as disclosed above, during the Reporting Period, the Company did not enter into any transactions which are required to be disclosed in this report pursuant to Chapter 14A of the Listing Rules.

(XXXVIII) Change of auditors of the Company

Given that, among others, the Company failed to reach a consensus on the audit fee with BDO China Shu Lun Pan Certified Public Accountants LLP ("**BDO**") for the Reporting Period, after the Company's careful consideration and friendly communication with BDO, BDO resigned as the auditor of the Company with effect from November 27, 2025. For details regarding the change of auditor of the Company, please refer to the announcements of the Company dated December 3, 2025 and March 27, 2026.

At the extraordinary general meeting of 2025 held by the Company on December 23, 2025, the shareholders of the Company considered and approved the ordinary resolutions proposing the change of auditors of the Company and the disclosure of financial statements in accordance with International Financial Reporting Standard ("**IFRS**") on the H-share market, and Beijing Xinghua Caplegend CPA Limited was appointed as the Company's IFRS auditor to hold office until the conclusion of the next annual general meeting of the Company. For details, please refer to the circular of the Company dated December 8, 2025.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(XXXIV) Substantial shareholders' interests and short positions in shares and underlying shares under Hong Kong laws and regulations

As of December 31, 2025, and to the best knowledge of the Directors of the Company, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept under Section 336 of the SFO, or who were deemed to be directly and/or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of shareholder	Capacity/ Nature of interest	Class of shares	Number of shares held	Approximate percentage of interest in the relevant class of shares (%)(Note 1)	Approximate percentage of interest in the total shares (%)(Note 1)
Xu Huini	Interest of spouse ^(Note 2)	A Shares	36,444,469 (Long position)	18.61	15.15
Astonish Investment Private Limited	Beneficial owner	H Shares	3,639,617 (Long position)	8.13	1.51
Apstar Investment Private Limited	Interest of controlled corporation ^(Note 3)	H Shares	3,639,617 (Long position)	8.13	1.51
GIC (Ventures) Pte. Ltd.	Interest of controlled corporation ^(Note 3)	H Shares	3,639,617 (Long position)	8.13	1.51
GIC Special Investments Private Limited	Interest of controlled corporation ^(Note 3)	H Shares	3,639,617 (Long position)	8.13	1.51
GIC Private Limited	Interest of controlled corporation ^(Note 3)	H Shares	3,639,617 (Long position)	8.13	1.51
Harvest International Premium Value (Secondary Market) Fund SPC for and on behalf of Harvest Great Bay Investment SP	Beneficial owner	H Shares	3,910,200 (Long position)	8.74	1.63
Harvest Global Investments Limited	Interest of controlled corporation ^(Note 4)	H Shares	3,910,200 (Long position)	8.74	1.63
China Credit Trust Co., Ltd	Interest of controlled corporation ^(Note 4)	H Shares	3,910,200 (Long position)	8.74	1.63
Harvest Fund Management Co., Ltd.	Interest of controlled corporation ^(Note 4)	H Shares	3,910,200 (Long position)	8.74	1.63

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

1. The percentage is calculated by dividing the number of relevant class of shares of the Company in issue as of December 31, 2025 by the total number of shares.
2. Xu Huini is the spouse of Zhang Guoqiang, being an executive Director, the chairman of the Board and the general manager of the Company. By virtue of the SFO, she is deemed to be interested in the 36,444,469 A Shares held by Zhang Guoqiang.
3. Astonish Investment Private Limited is wholly-owned by Apstar Investment Private Limited, which is in turn wholly-owned by GIC (Ventures) Pte. Ltd., which is in turn wholly-owned by GIC Special Investments Private Limited and which is in turn wholly-owned by GIC Private Limited. Therefore, each of Apstar Investment Private Limited, GIC (Ventures) Pte. Ltd., GIC Special Investments Private Limited and GIC Private Limited is deemed to be interested in the shares held by Astonish Investment Private Limited under the SFO.
4. Harvest International Premium Value (Secondary Market) Fund SPC for and on behalf of Harvest Great Bay Investment SP is owned as to 91% by Harvest Global Investments Limited, which is in turn wholly-owned by Harvest Fund Management Co., Ltd. and which is owned as to 40% by China Credit Trust Co., Ltd. Therefore, each of Harvest Global Investments Limited, Harvest Fund Management Co., Ltd. and China Credit Trust Co., Ltd is deemed to be interested in the shares held by Harvest International Premium Value (Secondary Market) Fund SPC for and on behalf of Harvest Great Bay Investment SP under the SFO.

(XXXV) Compliance with relevant laws and regulations

As far as the Board and the management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Company. For the year ended December 31, 2025, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

SECTION IV CORPORATE GOVERNANCE

I. CORPORATE GOVERNANCE

During the Reporting Period, the Company continued to refine its governance structure, enhance its internal control system and significantly improve its standard of operation in strict accordance with the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange and other laws and regulations, as well as the Articles of Association. The overall operation of the Company is independent and standardized, and the actual situation of governance meets the regulatory requirements, as follows:

1. Shareholders and General Meetings

During the Reporting Period, the general meeting considered and approved amendments to the Articles of Association, the Rules of Procedure for General Meetings and the Rules of Procedure for Board Meetings, as well as other important matters such as the election of a new Board of Directors and the placement of H-shares. The notices, convening procedures, consideration of proposals and voting procedures for all previous meetings complied with the relevant regulations.

2. Directors and Board of Directors

During the Reporting Period, the Board of the Company was composed of 8 Directors, including 3 independent non-executive Directors and 1 Employee Representative Director, and its composition complied with legal requirements. All Directors performed their duties with diligence, actively attended meetings and kept abreast of relevant laws and regulations. The Board established the Audit Committee, the Strategy and ESG Committee, the Nomination Committee and the Remuneration and Evaluation Committee, which held a total of 13 meetings during the Reporting Period to consider major matters such as the annual report.

In accordance with the relevant provisions of the new Company Law, the Company commenced work on optimising its governance structure within 2025. On June 20, 2025, the Company convened its 2024 Annual General Meeting, at which it formally resolved to abolish the Supervisory Committee. The Rules of Procedure for the Supervisory Committee were simultaneously repealed, and the statutory powers of the Supervisory Committee were assumed by the Audit Committee of the Board. The relevant rules of procedure have been amended accordingly to ensure a smooth transition of supervisory functions.

3. Information Disclosure and Investor Relations

The Company strictly adheres to the principles of “truthfulness, accuracy, completeness, timeliness and fairness” and fulfils its information disclosure obligations in accordance with the law. During the Reporting Period, the Company disclosed periodic reports and interim announcements in a timely manner, ensuring A-share and H-share investors had equal access to information. Through channels such as the SSE Info, performance briefing and the investor hotline, the Company actively addresses investor concerns, communicates operational updates and development strategies, and effectively safeguards the legitimate rights and interests of stakeholders.

4. Implementation of the Internal Control System

During the Reporting Period, in accordance with relevant national requirements and regulations, and taking into account its specific circumstances, the Company established an internal control system suited to its operational and developmental needs. It also reviewed and optimised relevant management systems and processes in order to enhance the Company's risk prevention capabilities and improve the standard of its operations.

SECTION IV CORPORATE GOVERNANCE

5. Establishment and Implementation of the Insider Registration System

During the Reporting Period, the Company strictly adhered to the relevant provisions set out in the Articles of Association and the Insider Registration System, and diligently carried out confidentiality measures prior to information disclosure, as well as the registration of insiders.

Does corporate governance significantly deviate from laws, administrative regulations and relevant CSRC provisions on governance of listed companies? If so, please explain the reason.

Not Applicable

II. SPECIFIC MEASURES TAKEN BY THE CONTROLLING SHAREHOLDER AND THE ACTUAL CONTROLLER OF THE COMPANY TO ENSURE THE INDEPENDENCE OF THE COMPANY'S ASSETS, PERSONNEL, FINANCES, ORGANISATION AND BUSINESSES, AS WELL AS THE SOLUTIONS ADOPTED, THE PROGRESS MADE AND THE SUBSEQUENT WORK PLAN REGARDING MATTERS AFFECTING THE INDEPENDENCE OF THE COMPANY

Not Applicable

III. IMPLEMENTATION AND CHANGES OF VOTING RIGHTS DIFFERENCE ARRANGEMENT DURING THE REPORTING PERIOD

Not Applicable

IV. CORPORATE GOVERNANCE OF RED-CHIP STRUCTURE

Not Applicable

SECTION IV CORPORATE GOVERNANCE

V. DIRECTORS AND SENIOR MANAGEMENT

(I) Changes in shareholding and remuneration of current and resigned Directors, senior management and core technicians during the Reporting Period

Unit: share

Name	Position	Gender	Age	Commencement date of office	Termination date of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in shares during the year	Reason for change	Total remuneration before tax received from the Company during the Reporting Period (RMB'000)	Whether receiving remuneration from related parties of the Company
Zhang Guoqiang	Chairman, Executive Director, General manager	Male	45	2015/7/9	2028/6/19	36,444,469	36,444,469	0	/	117.60	No
Song Haiying	Executive Director, Deputy general manager, Chief financial officer	Female	49	2015/7/9	2028/6/19	2,381,163	2,381,163	0	/	100.60	No
Dai Dongzhe	Executive Director, Deputy general manager	Female	54	2022/5/24	2028/6/19	323,331	323,331	0	/	81.80	No
Song Feng	Non-executive Director	Male	51	2023/6/16	2028/6/19	/	/	/	/	0.00	Yes
Li Zhijie	Independent Non-executive Director	Male	53	2023/6/16	2028/6/19	/	/	/	/	12.00	No
Ji Xuehong	Independent Non-executive Director	Male	47	2022/1/10	2028/6/19	/	/	/	/	12.00	No
Chan So Kuen	Independent Non-executive Director	Male	46	2023/1/12	2028/6/19	/	/	/	/	12.00	No
Zhang Hongli	Employee Representative Director	Female	42	2025/6/20	2028/6/19	/	/	/	/	67.47	No
Li Feiqiang	Deputy general manager, core technical personnel	Male	43	2021/8/30	2028/6/19	/	/	/	/	61.14	No
Kang Zhi	Secretary to the Board	Male	47	2017/1/9	2028/6/19	67,780	67,780	0	/	81.80	No
Lu Chun	Deputy general manager	Male	43	2025/1/23	2028/6/19	/	/	/	/	4.22	No
Zeng Yuanheng	Deputy general manager	Male	63	2025/1/23	2028/6/19	/	/	/	/	5.57	No
Mu Xiaojie	Deputy general manager	Male	44	2025/1/23	2028/6/19	600	600	0	/	4.57	No
Nengyou Jia	Core technical personnel	Male	62	2016/1/26	/	/	/	/	/	44.80	No
Gan Quanquan	Core technical personnel	Male	43	2019	/	/	/	/	/	16.74	No
Cao Jidong	Core technical personnel	Male	32	2025	/	/	/	/	/	3.35	No
Liu Wei	Core technical personnel	Male	37	2025	/	/	/	/	/	3.06	No

SECTION IV CORPORATE GOVERNANCE

Name	Position	Gender	Age	Commencement date of term of office	Termination date of term of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in shares during the year	Reason for change	Total remuneration before tax received from the Company during the Reporting Period (RMB'000)	Whether receiving remuneration from related parties of the Company
Teng Renjie	Non-executive Director (Resigned)	Female	73	2015/7/9	2025/6/20	/	/	/	/	0.00	No
Liu Xiaoshi	Independent Non-executive Director (Resigned)	Male	70	2019/4/23	2025/6/20	/	/	/	/	6.00	No
Yu Min	Deputy general manager (Resigned)	Male	49	2016/1/26	2025/12/23	508,690	508,690	0	/	58.51	No
Yang Shaojun	Core technical personnel (Resigned)	Male	46	2019	2025/9/5	/	/	/	/	23.99	No
Fang Chuan	Core technical personnel (Resigned)	Male	35	2021	2025/12/23	39,215	39,215	0	/	99.14	No
Total	/	/	/	/	/	39,765,248	39,765,248	0	/	816.36	/

SECTION IV CORPORATE GOVERNANCE

Name	Main work experience
Zhang Guoqiang	Born in 1980, Chinese nationality, without the right of permanent residence abroad, one of the founders of the Company, and a master's degree in Public Administration from Tsinghua University in July 2010. He obtained a doctorate degree in Management Science and Engineering from the University of Chinese Academy of Sciences in July 2017. From May 2005 to June 2012, Mr. Zhang worked at Beijing Qingneng Huatong Technology Development Co., Ltd. and successively served as a department manager and a deputy general manager. Since July 2012, he has served as an executive Director, Chairman and general manager of the Company.
Song Haiying	Born in 1976, Chinese nationality, without the right of permanent residence abroad, obtained her bachelor's degree in Accounting and master's degree in Corporate Management from the Liaoning Technical University in June 2000 and April 2003, respectively, obtained a master's degree in Business Administration from Tsinghua University in January 2024. From June 2005 to August 2012, she worked at Beijing Jiankun Investment Group Co., Ltd. as an investment manager. From September 2012 to October 2013, she worked at Tsinghua Unigroup Co., Ltd. as a senior investment manager. Since February 2014, she has served as the Company's Chief Financial Officer, executive Director and deputy general manager.
Dai Dongzhe	Born in 1971, Chinese nationality, without the right of permanent residence abroad. She obtained her bachelor's degree in agronomy from the Beijing University of Agriculture* (北京農學院) in July 1994. From December 2001 to June 2004, she worked in the Department of Automotive Engineering at Tsinghua University as a project manager of the project office. From July 2004 to July 2012, she worked at Beijing Qingneng Huatong Technology Development Co., Ltd. Since July 2012, she has served as an executive Director of Human Resources and Administration, a Supervisor, an executive Director and deputy general manager of the Company.
Song Feng	Born in 1974, Chinese nationality, without the right of permanent residence abroad, with a master's degree. Mr. Song was the project manager of the business development department of Beijing Boruiqi Electronic Technology Co., Ltd. from September 1999 to December 2000; senior investment manager of Tsinghua Technology Venture Capital Co., Ltd. from January 2001 to June 2003; investment director of the strategic investment department of Beijing UFIDA Software Co., Ltd. from July 2003 to January 2005; the investment director of Beijing Qingyun Investment Management Co., Ltd. from February 2005 to April 2006; the general manager of Beiying Ruiying International Investment Consulting (Beijing) Co., Ltd. from May 2006 to April 2007; the vice president of the investment banking department of CEC Capital Group from May 2007 to September 2009; the deputy general manager of the number one investment department of China-Africa Development Fund Co., Ltd. from October 2009 to September 2017; a partner of Beijing Shuimu Guoding Investment Management Co., Ltd. since October 2017; and a non-executive Director of the Company since June 2023.

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Name	Main work experience
Li Zhijie	<p>Born in 1972, Chinese nationality, without the right of permanent residence abroad, with a doctoral degree in finance and economics from the Renmin University of China, possessing the qualification of senior accountant. Mr. Li served as the director of each of the China Post and Telecommunications Administration and China Telecom Corporation, and the director of the Group's Fund Dispatching Center from 1999 to 2008; the director and deputy general manager of China Telecom (Hong Kong) International Limited from 2008 to 2011; the chief financial officer of the innovation department (Internet business group) of China Telecom Corporation from January 2012 to June 2016; vice president and other senior management of a number of subsidiaries of Xinyuan Group from June 2016 to April 2018; the deputy head of the Financial Technology Research Center of the National Institute of Financial Research at Tsinghua University from June 2016 to May 2019; an independent director of Yunnan Jinggu Forestry Co., Ltd. (stock code:600265) from February 2021 to May 2022; the director and general manager of Zhian Chain Cloud Technology (Beijing) Co., Ltd. since 2019; and a non-executive Director of the Company since June 2023.</p>
Ji Xuehong	<p>Former Chinese name being 紀雪紅. Born in 1978, Chinese nationality, without the right of permanent residence abroad. He obtained a bachelor's degree in Real Estate Management from Huazhong Normal University in June 1999 and a master's degree in enterprise management from Hubei Academy of Social Sciences in June 2002. In December 2005, he obtained a doctor's degree in management science and engineering from Huazhong University of Science and Technology. He is a member of the China Democratic League. From June 2006 to May 2008, he engaged in research work at the joint training postdoctoral workstation of Tianjin University and CATARC. Since May 2008, he has served as a lecturer, an associate professor and a professor at the school of economics and management of North China University of Technology; a director of Automobile Industry Innovation Research Center and a director of MBA Education Center; At the same time, he served as a member of the Automotive Economic Development Research Branch of the China Society of Automotive Engineers, a member of the Electric Vehicle Special Committee of the Chinese Institute of Electronics, an expert on high-quality development of the China Taxi and Car Rental Association, a special expert of the Beijing Industrial Economic Research Center, and concurrently served as a director of the Urban Transportation Branch of the China Highway & Transportation Society, a judge of the Lingxuan Award, a member of the Standing Committee of the CPPCC Shijingshan District and deputy chairman of the Shijingshan District Working Committee of the Democratic League. Since January 2022, he has served as an independent non-executive Director of the Company. Since March 2024 to present, he has served as an independent non-executive director of BAIC Motor Corporation Limited (HK.1958).</p>

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Name	Main work experience
Chan So Kuen	<p>Born in 1979, a citizen of Hong Kong, China, obtained a bachelor's degree in accounting from the Hong Kong Polytechnic University in November 2001 and was certified as a certified public accountant by the Hong Kong Institute of Certified Public Accountants in April 2005. From June 2001 to October 2003, he served as semi-senior audit clerk of Ho and Ho & Company in Hong Kong. From January 2004 to July 2009, he served as an audit manager (last position) of KPMG. From November 2009 to October 2012, he served as the chief financial officer and company secretary of China Great Wall Electric Holdings Limited. From February 2014 to November 2021 and February 2014 to December 2022, he served as the company secretary and chief financial officer of Huazhang Technology Holding Limited (HK.1673). Since October 2014 to January 2025, he has served as an independent non-executive director of Link Holdings Ltd. (HK.8237). Since January 2015 to January 2024, he has served as an independent non-executive director of Yangzhou Guangling District Taihe Rural Micro-finance Company Limited (HK.1915). He has been an independent non-executive Director of the Company since January 2023. He has been an independent non-executive Director of Top Spring International Holdings Limited (HK.3688) since September 2024.</p>
Zhang Hongli	<p>Born in 1983, Chinese nationality, without the right of permanent residence abroad. She graduated from Shandong Agricultural University with a major in financial accounting. From July 2007 to December 2007, she served as a cashier at Beijing Qiannian Food Co., Ltd. From December 2007 to January 2009, she served as an accountant at Beijing Yaran Investment Group Co., Ltd. From February 2009 to April 2014, she served as an accounting supervisor at Beijing Jiankun Investment Group Co., Ltd. Since May 2014, she has served as the finance department manager at Beijing SinoHytec Co., Ltd.; she has served as the Employee Representative Director of the Company since June 20, 2025.</p>
Li Feiqiang	<p>Born in 1982, Chinese nationality, without the right of permanent residence abroad. He obtained a bachelor's degree in vehicle engineering from Jilin University and a doctor's degree in vehicle engineering from Beijing Institute of Technology between July 2005 and January 2010. From September 2010 to June 2011, he worked at Beijing Jingwei Hirain Technologies Co., Inc. From July 2011 to January 2019, he served as a senior manager of fuel cells at Zhengzhou Yutong Bus Co., Ltd. From January 2016 to January 2020, he completed postdoctoral research in power engineering and engineering thermophysics at Tsinghua University. Since February 2020, he has served as Director of the TS business department of the Company. From August 2021 to April 27, 2026, he has served as Deputy General Manager of the Company.</p>
Kang Zhi	<p>Born in 1978, Chinese nationality, without the right of permanent residence abroad. He obtained a bachelor's degree in industrial foreign trade from Shenyang University of Technology in July 2000. From August 2000 to August 2007, he worked at Beijing C & W Electronics (Group) Co., Ltd. From September 2007 to January 2012, he served as deputy general manager of the management center of Beijing Goldenway Biotech Co., Ltd. From February 2012 to March 2015, he served as a strategic investment manager of Beijing Peony Electronic Group Co., Ltd. From April 2015 to January 2017, he served as a manager of the Company's investment department. Since January 2017, he has served as secretary of the Board of Directors of the Company.</p>

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Name	Main work experience
Lu Chun	Born in 1982, Chinese nationality, without the right of permanent residence abroad. He obtained a bachelor's degree in economics and management from the Party School of Beijing Municipal Committee of P.R.C. Since January 2020, he has served as the service director of Beijing SinoHytec Co., Ltd. Since December 2025, he has served as the vice president of the Company.
Zeng Yuancheng	Born in 1962, Japanese nationality. He obtained a bachelor's degree in international trade and management from Takushoku University, Japan in 1993. He previously served as head of various departments, including the overseas business division, new business development division, and new product development division of the technical division at Nippon Hagoromo Co., Ltd. Since January 2024, he has served as assistant to the general manager of Beijing SinoHytec Co., Ltd.; since December 2025, he has served as the vice president of the Company.
Mu Xiaojie	Born in 1981, Chinese nationality, without the right of permanent residence abroad. He obtained a bachelor's degree in automotive engineering from Beihang University and a master's degree in project management from Beijing University of Chemical Technology. Since October 2020, he has served as the manufacturing director of Beijing SinoHytec Co., Ltd.; since December 2025, he has served as the vice president of the Company.
Nengyou Jia	Born in 1963, Canadian nationality. He obtained a bachelor's degree in corrosion and protection from East China University of Science and Technology (formerly known as East China Institute of Chemical Technology) in July 1985 and a master's degree in chemistry from Memorial University of Newfoundland, Canada in May 1999. From March 2012 to July 2015, he served as a senior engineer at Automotive FuelCell Cooperation in Canada. From January 2016 to June 2025, he has served as deputy general manager of the Company; he is currently a core technical personnel of the Company.
Gan Quanquan	Born in 1982, Chinese nationality, without the right of permanent residence abroad. In 2007, he obtained a master's degree in fuel cell catalysts from Dalian Jiaotong University. From August 2007 to November 2012, he served as a project manager of Sichuan New Energy Power Company Limited. From December 2012 to January 2016, he served as deputy director of the R&D center of the Company. Since February 2016, he served as a deputy general manager of SinoFuelCell; he is currently a core technical personnel of the Company.
Cao Jidong	Born in January 1993, Chinese nationality, without the right of permanent residence abroad. He holds a doctoral degree from Beijing University of Chemical Technology and has over 10 years of research experience in fuel cells. Since October 2021, he has served at Beijing SinoHytec Co., Ltd., conducting research related to fuel cell stack and system development as well as lifespan enhancement; he is currently a core technical personnel of the Company.
Liu Wei	Born in April 1988, Chinese nationality, without the right of permanent residence abroad. He holds a master's degree and is a senior engineer with over ten years of experience in fuel cell system development. From July 2012 to the present, he has successively served as a software engineer, manager of the control development department, and intelligent attribute engineer at Beijing SinoHytec Co., Ltd.; he is currently a core technical personnel of the Company.

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Name	Main work experience
Teng Renjie (resigned)	Born in 1952, Chinese nationality, without the right of permanent residence abroad. She graduated from the department of electronic engineering at Tsinghua University in December 1975 with a bachelor's degree. From December 1975 to September 1998, she worked at Tsinghua University, and she served successively as a teacher of the department of electronic engineering, a teacher, deputy head and associate professor of the department of automation. From September 1998 to April 2013, she worked at Tsinghua Industrial R&D Institute as vice president. She retired in April 2013. From October 2014 to June 2025, she has served as a non-executive Director of the Company.
Liu Xiaoshi (resigned)	Born in 1955, Chinese nationality, without the right of permanent residence abroad. He received a bachelor's degree in chemical engineering from China University of Petroleum (formerly East China Petroleum Institute) in August 1976. In August 1986 and December 1987, he obtained a Master of Science in industrial management from the department of technological systems management at the State University of New York at Stony Brook and a master of science in public administration from Martin J. Whitman School of Management, respectively. From April 1997 to December 2021, he worked at China International Capital Corporation Limited, serving as senior manager, deputy general manager, executive general manager and a project expert in the business support department. Since July 2018, he has served as an executive director and general manager at Beijing Chebahui Technology Development Co., Ltd. From April 2019 to June 2025, he has served as an independent non-executive Director of the Company.
Yu Min (resigned)	Born in 1976, Chinese nationality without the right of permanent residence abroad. He obtained a bachelor's degree in mechanical design and manufacturing from Hebei University of Engineering (formerly known as Hebei Institute of Building and Technology) in June 2000 and a MBA degree from Tsinghua University January 2023. From August 2000 to December 2015, he served successively as head of the sales management department, head of the marketing department, head of the customer development department, a director of regional business and executive deputy manager of the heavy-duty truck business of the overseas business department at BAIC Foton. From January 2016 to December 2025, he has served as deputy general manager of the Company.
Yang Shaojun (resigned)	Born in 1979, Chinese nationality, without the right of permanent residence abroad. He graduated from Wuhan University of Technology with a master's degree in materials science in June 2005. From July 2005 to February 2011, he worked as chief engineer at Grace Semiconductor Manufacturing Corporation. From February 2011 to June 2016, he served as a senior engineer at Intel Semiconductor (Dalian) Ltd. From July 2016 to September 2025, he has served successively as a deputy manager in manufacturing process department of the Company and a testing director of SinoFuelCell.
Fang Chuan (resigned)	Born in 1990, Chinese nationality, without the right of permanent residence abroad. From July 2014 to January 2018, he obtained a master's degree and a doctor's degree in power engineering and engineering thermophysics at Tsinghua University. In 2020, he served as deputy director of the R&D Center of the Company. From 2021 to 2025, he served as the R&D director of the Company.

SECTION IV CORPORATE GOVERNANCE

(II) Current and resigned Directors and senior management during the Reporting Period

1. Positions held in shareholder entities

Not Applicable

2. Positions held in other entities

Name of employee	Names of other entities	Positions held other entities	Commencement date of term of office	Termination date of term of office
Zhang Guoqiang	Beijing Guorui Changda Technology Co., Ltd.	Executive Director	2016-12-19	To date
	Beijing Qingbai Huatong Technology Co., Ltd.	Executive Director	2011-5-6	To date
	Toyota Sinohytec	Director	2021-6-28	To date
	Beijing Caven New Energy Vehicle Co., Ltd.	Director	2022-10-18	To date
	Zhongguancun Hydrogen Energy and Fuel Cell Technology Innovation Industry Alliance	Person in charge	2021-7-6	To date
Song Haiying	Air Sinohytec Hydrogen Technology Co., Ltd.	Director, Chief Financial Officer	2020-5-13	To date
	United Fuel Cell	Director	2020-8-20	To date
	Shanghai Fangshi New Energy Car Rental Co., Ltd.	Financial Officer	2015-12-14	To date
	Zhangjiakou Haiper	Director	2020-2-11	To date
	Toyota Sinohytec	Director, deputy general manager	2021-6-28	To date
	Xinjiang Zhaolian Qingtong Energy Technology Co., Ltd.	Chairman, general manager	2023-11-2	To date
	Xinjiang Zhaolian Qingtong Energy Technology Co., Ltd.	Chairman of the Board	2023-5-26	To date
Dai Dongzhe	Beijing Swift New Energy Technology Co., Ltd.	Supervisor	2021-1-29	To date
	United Fuel Cell	Supervisor	2020-8-20	2025-12-17

SECTION IV CORPORATE GOVERNANCE

Name of employee	Names of other entities	Positions held other entities	Commencement date of term of office	Termination date of term of office
Song Feng	Beijing Shuimu Tongda Transportation Co., Ltd.	Director	2019-1-22	To date
	Beijing Dacheng Guoce Technology Co., Ltd.	Director	2022-11-4	To date
	Beijing Youwei Precision Measurement and Control Technology Research Co., Ltd.	Executive Director	2023-10-2	To date
	Beijing Shuimu Huading Venture Investment Management Co, Ltd.	Supervisor	2022-4-2	To date
	Shanghai Maximfuelcell Technology Co., Ltd.	Director	2020-5-20	To date
	Zhejiang Zhentai Energy Technology Co., Ltd.	Director	2019-5-29	To date
	Beijing Shuimu Xinhe Medical Technology Co., Ltd.	Supervisor	2023-9-14	To date
Teng Renjie	Beijing Shuiqing Technology Co., Ltd.	Director	2012-6-15	To date
	Beijing Shuimu Guoding Investment Management Co., Ltd.	Supervisor	2012-7-20	To date
	Beijing Qingneng Huatong Technology Development Co., Ltd.	Director	2004-7-5	To date
	Beijing Shuimu Huayan Investment Management Co., Ltd.	Director	2011-5-24	To date
	Shuimu Bozhan Technology Development (Beijing) Co., Ltd.	Director	2013-2-8	To date

SECTION IV CORPORATE GOVERNANCE

Name of employee	Names of other entities	Positions held other entities	Commencement date of term of office	Termination date of term of office
Liu Xiaoshi	EV100plus Automotive Technology Research (Beijing) Co. Ltd.	Executive Director, general manager	2022-10-28	To date
	United Electric Vehicle Innovation Center Co. Ltd.	Executive Director, general manager	2023-6-3	To date
	Beijing Chebai Intelligent Network Technology Co., Ltd.	Director	2023-5-14	To date
	Chebai Online (Beijing) Technology Co. Ltd.	Chairman	2023-9-28	To date
	Chebai Chain (Wuhan) Digital Technology Co. Ltd.	Executive Director, general manager	2023-6-30	2025-2-24
	Beijing Chebai Future Innovation Technology Co. Ltd.	Executive Director, general manager	2023-5-15	To date
	Hubei Changjiang Hi-Tech Industry Research Institute Co. Ltd.	Executive Director	2023-4-19	To date
	Shanghai Chebailian Wisdom Technology Co. Ltd.	Executive Director	2023-8-20	To date
	Beijing Chebahui Technology Development Co., Ltd.	Executive Director, general manager	2018-7-10	To date
	Chebai Intelligent Network Research Institute (Wuhan) Co., Ltd.	Director	2020-6-23	To date
	Chebai Zhongqi Technology (Beijing) Co., Ltd.	Director	2021-10-9	To date
	EV100plus Automotive Industry Research Institute (Hefei) Co. Ltd.	Executive Director, general manager	2022-05-12	To date
	Beijing Chebai Intelligent Network Planning and Design Institute Co., Ltd.	Director, general manager	2024-12-22	To date

SECTION IV CORPORATE GOVERNANCE

Name of employee	Names of other entities	Positions held other entities	Commencement date of term of office	Termination date of term of office
Ji Xuehong	Beijing Chechuang Huixiang Technology Development Co., Ltd.	Executive Director, general manager	2017-7-12	To date
	BAIC Motor Corporation Limited	Independent non-executive Director	2024-3-22	To date
Li Zhijie	Beijing Chaofu State-owned Assets Administration Co., Ltd.	Director	2020-7-3	To date
	Zhian Chain Cloud Technology (Beijing) Co., Ltd.	Executive Director, general manager	2019-4-16	To date
	Zhian Chain Cloud Technology (Zhejiang) Co., Ltd.	Executive Director, general manager	2020-12-1	To date
	Zhian Chain Cloud Technology (Xi'an) Co., Ltd.	Executive Director, general manager	2020-1-15	To date
	Beijing Panjiayuan International Folk Culture Development Co., Ltd.	Director	2025-8-21	To date
	Libang Digital Technology (Guangzhou) Co., Ltd.	Executive Director, general manager	2018-10-8	To date
Li Feiqiang	Toyota Sinohytec	Director	2021-6-28	2025-10-10
Kang Zhi	Zhangjiakou Haiper	Director	2020-2-11	To date
Chan So Kuen	Top Spring International Holdings Limited	Independent non-executive Director	2024-9-30	To date
Particulars of positions held in shareholder entities	Nil			

SECTION IV CORPORATE GOVERNANCE

(III) Remuneration of Directors, senior management and core technicians

Unit: RMB0'000

The decision-making procedure for the remunerations of Directors and senior management	According to the relevant provisions of the Articles of Association, the remuneration and allowances of Directors are determined by the general meeting of the Company, and the remuneration of senior management is determined by the Board of the Company.
Whether a Director should abstain from the Board's discussion of his/her remuneration	Yes
The circumstances in which the Remuneration and Evaluation Committee or the special meeting of independent Directors issued recommendations on the remuneration of Directors and senior managers	As reviewed by the Remuneration and Evaluation Committee, the current remuneration of Directors and senior management of the Company in 2025 was determined by reference to factors such as industry and regional salary levels, and based on comprehensive assessment indicators such as individual annual work, post responsibilities and management objectives, which was in line with the remuneration plan of Directors and senior management of the Company, the decision-making procedures were in line with the relevant regulations of the Company, and there was no harm to the interests of the Company and shareholders.
Basis for determining the remuneration of Directors and senior management	1. The Company does not separately pay Directors' allowances to non-independent Directors. Non-independent Directors who hold other positions in the Company shall receive remuneration according to the specific management positions held by them in the Company and in accordance with the relevant remuneration and performance appraisal management system of the Company. 2. The Company pays allowances to the independent non-executive Directors with reference to the remuneration level of the industry, regional economic development, combining with the actual operation of the Company and the relevant conditions of the independent non-executive Directors of the Company. 3. According to the proposal of the Remuneration and Evaluation Committee of the Board and with reference to factors such as industry and regional salary levels, the Company determines the current remuneration of Directors and senior management by referring to the overall assessment indicators of individual annual work, job responsibilities and management objectives.
Actual payment of remuneration of Directors and senior management	During the Reporting Period, the actual payment of the remuneration of the Directors and senior management of the Company was in line with the disclosure of the Company.
Total actual remunerations received by all Directors and senior management at the end of the Reporting Period	646.43
Total actual compensations received by core technicians at the end of the Reporting Period	252.22

SECTION IV CORPORATE GOVERNANCE

Assessment criteria and fulfillment for the actual remunerations received by all Directors and senior management at the end of the Reporting Period	For 2025, the independent non-executive Director allowance received by the independent non-executive Directors of the Company was not subject to the performance appraisal mechanism; other Directors (excluding Directors receiving remuneration from the Company's related parties) and senior management received corresponding remuneration in accordance with the Company's performance appraisal rules. The performance appraisal was carried out and completed effectively in accordance with the Company's performance appraisal regulations.
Deferred payment arrangements for the actual remunerations received by all Directors and senior management at the end of the Reporting Period	Not Applicable
Suspension and clawback of the actual remunerations received by all Directors and senior management at the end of the Reporting Period	Not Applicable

(IV) Changes in Directors, senior management and core technicians

Name	Position	Changes	Reasons for changes
Liu Xiaoshi	Independent non-executive Director	Resignation	End of term
Teng Renjie	Non-executive Director	Resignation	End of term
Nengyou Jia	Senior management	Resignation	End of term
Yu Min	Senior management	Resignation	Personal reason
Yang Shaojun	Core technical personnel	Resignation	Personal reason
Fang Chuan	Core technical personnel	Resignation	Personal reason
Zhang Hongli	Employee Representative Director	Election	End of term
Lu Chun	Senior management	Appointment	–
Mu Xiaojie	Senior management	Appointment	–
Zeng Yuancheng	Senior management	Appointment	–

(V) Explanation on penalties imposed by securities regulatory authorities in the recent three years

Not Applicable

(VI) Others

Not Applicable

SECTION IV CORPORATE GOVERNANCE

VI. PERFORMANCE OF DUTIES BY DIRECTORS

(I) Attendance of Directors at Board meetings and general meetings

Director Name	Independent Director or not	Require attendance for the year	Attendance at Board meetings				Absence Times	Any failure in attending in person for two consecutive meetings	Attendance at general meetings
			Attendance in person	Attendance by way of communication	Attendance by proxy				
Zhang Guoqiang	No	13	12	0	1	0	No	3	
Song Haiying	No	13	13	0	0	0	No	4	
Dai Dongzhe	No	13	13	0	0	0	No	4	
Song Feng	No	13	13	7	0	0	No	4	
Zhang Hongli	No	9	9	0	0	0	No	2	
Li Zhijie	Yes	13	13	9	0	0	No	4	
Ji Xuehong	Yes	13	13	8	0	0	No	4	
Chan So Kuen	Yes	13	13	10	0	0	No	4	
Liu Xiaoshi	Yes	4	4	3	0	0	No	2	
Teng Renjie	No	4	4	3	0	0	No	2	

Particulars on failure in attending in person for two consecutive meetings

✓ Not Applicable

Number of Board meetings held during the year	13
Including: Number of on-site meetings	13
Number of meetings held by way of communication	0
Number of meetings held on site and by way of communication	10

(II) Disagreement of Directors on Relevant Issues of the Company

Not Applicable

(III) Others

Not Applicable

SECTION IV CORPORATE GOVERNANCE

VII. SPECIAL COMMITTEES UNDER THE BOARD

(I) Members of special committees under the Board

Category of special committee	Name of members
Audit Committee	Li Zhijie, Ji Xuehong, Chan So Kuen
Nomination Committee	Ji Xuehong, Chan So Kuen, Song Haiying
Remuneration and Evaluation Committee	Chan So Kuen, Ji Xuehong, Dai Dongzhe
Strategy and ESG Committee	Zhang Guoqiang, Song Haiying, Dai Dongzhe

(II) The Audit Committee convened nine meetings during the Reporting Period

Date of meeting	Contents of meetings	Important comments and suggestions	Other performance of duties
March 31, 2025	Proposal on the Unaudited Annual Results the Year ended December 31, 2024	All members of the Audit Committee unanimously agreed on all proposals of the meeting.	Nil
April 28, 2025	Proposal on the 2024 Annual Report (and its Abstract) Proposal on the 2024 Final Accounts Report Proposal on the 2024 Report of the Performance of Duties by the Audit Committee Proposal on the Evaluation Report on the Performance of Duties by Accounting Firms in 2024 Proposal on the 2024 Report on the Performance of the Supervisory Duties of the Board's Audit Committee on Accounting Firms Proposal on the 2024 Internal Control Assessment Report of the Company Proposal on the 2024 Special Report on the Deposit and Use of Proceeds Proposal on the 2025 First Quarterly Report of the Company Proposal on Summary of the 2024 Internal Audit Work Report and the 2025 Internal Audit Work Plan	All members of the Audit Committee unanimously agreed on all proposals of the meeting.	Nil

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Date of meeting	Contents of meetings	Important comments and suggestions	Other performance of duties
May 29, 2025	Proposal on the Re-appointment of the Accounting Firm	All members of the Audit Committee unanimously agreed on all proposals of the meeting.	Nil
June 20, 2025	Proposal on the Appointment of the Head of Finance	All members of the Audit Committee unanimously agreed on all proposals of the meeting.	Nil
August 28, 2025	Proposal on the 2025 Interim Report (and its Abstract) and the Interim Results Announcement for the Six Months ended June 30, 2025	All members of the Audit Committee unanimously agreed on all proposals of the meeting.	Nil
October 30, 2025	Proposal on the 2025 Special Report on the Deposit and Use of Proceeds		Nil
	Proposal on the 2025 Third Quarterly Report of the Company	All members of the Audit Committee unanimously agreed on all proposals of the meeting.	Nil
November 27, 2025	Proposal on the Change of Accounting Firms for the 2025 Annual Audit	All members of the Audit Committee unanimously agreed on all proposals of the meeting.	Nil
December 3, 2025	Proposal on the Change of the Company's Auditor and Disclosure of Financial Statements in the H-share Market in Accordance with International Financial Reporting Standards	All members of the Audit Committee unanimously agreed on all proposals of the meeting.	Nil
December 4, 2025	Proposal on the Use of Part of the Idle Proceeds Raised from the Issue of Shares to Specific Subscribers through Simplified Procedures to Temporarily Replenish Working Capital	All members of the Audit Committee unanimously agreed on all proposals of the meeting.	Nil

SECTION IV CORPORATE GOVERNANCE

(III) The Nomination Committee convened four meetings during the Reporting Period

Date of meeting	Contents of meetings	Important comments and suggestions	Other performance of duties
April 28, 2025	Proposal on the Discussion on the Alignment of the Board's Structure, Size and Composition with the Company's Strategy	All members of the Nomination Committee unanimously agreed on all resolutions of the meeting.	Nil
May 29, 2025	Proposal on the Election of New Session of the Board and Nomination of the Candidates for Non-independent Directors of the Fourth Session of the Board (excluding Employee Representative Directors) Proposal on the Election of New Session of the Board and Nomination of the Candidates for Independent Non-executive Directors of the Fourth Session of the Board Proposal on the Review Opinions on Candidates for Independent Non-executive Directors of the Fourth Session of the Board	All members of the Nomination Committee unanimously agreed on all resolutions of the meeting.	Nil
June 20, 2025	Resolution on the Appointment of General Manager Resolution on the Appointment of Deputy General Manager and Chief Financial Officer Proposal on the Appointment of Secretary to the Board of the Company Proposal on the Appointment of Securities Affairs Representative of the Company	All members of the Nomination Committee unanimously agreed on all resolutions of the meeting.	Nil
December 3, 2025	Proposal on the Appointment of Senior Management	All members of the Nomination Committee unanimously agreed on all resolutions of the meeting.	Nil

SECTION IV CORPORATE GOVERNANCE

(IV) The Remuneration and Evaluation Committee convened two meetings during the Reporting Period

Date of meeting	Contents of meetings	Important comments and suggestions	Other performance of duties
April 28, 2025	Proposal on Determining the Remuneration of Senior Management	All members of the Remuneration and Evaluation Committee unanimously agreed on all resolutions of the meeting.	Nil
May 29, 2025	Proposal on Formulating the Remuneration Plan for the Fourth Session of the Board	All members of the Remuneration and Evaluation Committee unanimously agreed on all resolutions of the meeting.	Nil

(V) The Strategy and ESG Committee convened three meetings during the Reporting Period

Date of meeting	Contents of meetings	Important comments and suggestions	Other performance of duties
April 28, 2025	Proposal on the 2024 Sustainability Report	All members of the Strategy and ESG Committee unanimously agreed on all resolutions of the meeting.	Nil
September 3, 2025	Resolution on Termination of the Purchase of Assets by Issuance of Shares for Raising Supporting Funds and Related Transactions	All members of the Strategy and ESG Committee unanimously agreed on all resolutions of the meeting.	Nil
December 15, 2025	Resolution on the Formulation of the H Share Issue Plan Pursuant to the General Mandate	All members of the Strategy and ESG Committee unanimously agreed on all resolutions of the meeting.	Nil

SECTION IV CORPORATE GOVERNANCE

(VI) Details of objections

Not Applicable

VIII. EXPLANATION OF THE AUDIT COMMITTEE ON DISCOVERY OF THE COMPANY'S RISKS

Not Applicable

The Audit Committee had no objection to the supervision matters during the Reporting Period.

IX. EMPLOYEES OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES AT THE END OF THE REPORTING PERIOD

(I) Employees

Number of in-service employees of the parent company	200
Number of in-service employees of major subsidiaries	282
Total number of in-service employees	482
The number of retired employees whose expenses are borne by the parent company and its major subsidiaries	0

Type of professional composition	Profession	Number (person)
Production staff		92
Sales personnel		69
Technical staff		58
Financial staff		19
Administrative staff		37
Management		113
R&D staff		94
Total		482

Type of education level	Education	Number (person)
Doctoral degree		13
Master's degree		92
Undergraduate		200
Junior college		100
High school and below		77
Total		482

SECTION IV CORPORATE GOVERNANCE

(II) Remuneration policy

The Company strictly abides by the Labor Contract Law of the People's Republic of China and relevant national and local laws and regulations, adheres to the concept of common growth of the Company and employees based on business performance, and has established a remuneration policy system based on the principles of legality, competitiveness, incentives and fairness.

Guided by the strategic objectives, the Company specifies the organizational performance targets from top to bottom, and relies on the performance management evaluation methods to ensure that employees' abilities are matched with their positions. The Company comprehensively considers factors including the average salary levels in the relevant regions, job value, employees' working capabilities and performance in formulating remuneration systems. Through a fair and reasonable remuneration mechanism and diversified incentive models, the Company fully motivates employees, attracts and retains outstanding talents, while taking into account the Company's development characteristics and payment capability, thereby maximizing the effectiveness of remuneration.

(III) Training programme

Based on its strategic development plan and annual operational objectives, the Company proactively organized and conducted diversified training activities tailored to specific business needs, mainly covering knowledge training, skills training, competency training and leadership training. In response to the professional and technical requirements of different positions, the Company fully leveraged both internal and external resources to implement various talent training mechanisms and made dynamic adjustments based on actual training outcomes, so as to ensure the timeliness and effectiveness of employee training. Through the implementation of such training programmes, the Company continuously enhanced employees' overall professional competencies and broadened their skillsets, enabling them to better perform their current duties and strengthen their capabilities for future career development. The Company has built a good career development channel for employees and outstanding reserved talents, thereby improving the overall operational efficiency of the organization and achieving a win-win situation for both the Company and employees.

(IV) Labor outsourcing

Total number of working hours of outsourced labor	28,726.19
Total remuneration paid to outsourced labor (RMB)	1,556,872.91

SECTION IV CORPORATE GOVERNANCE

X. PROPOSAL FOR PROFIT DISTRIBUTION OR CAPITALIZATION OF CAPITAL RESERVE

(I) The formulation, implementation or adjustment of cash dividend policy

Not Applicable

(II) Special explanation on cash dividend policy

Not Applicable

(III) If the Company is profitable and the parent company's profit available for distribution to shareholders is positive, but no proposal of cash profit distribution plan has been proposed during the Reporting Period, the Company shall disclose the reasons in detail and the purpose and use plan of the undistributed profit

Not Applicable

(IV) Proposal for profit distribution and conversion of capital reserve to the share capital during the Reporting Period

Not Applicable

(V) Cash dividends in the last three accounting years

Not Applicable

XI. EQUITY INCENTIVE SCHEME, EMPLOYEE SHAREHOLDING SCHEME OR OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY AND THEIR IMPACTS

(I) The overall information of the equity incentive

Not Applicable

(II) Relevant incentive matters disclosed in the temporary announcements and with no progress or change in subsequent implementation

Not Applicable

Other explanations

Not Applicable

Employee shareholding scheme

Not Applicable

Other incentive measures

Not Applicable

SECTION IV CORPORATE GOVERNANCE

(III) Equity Incentives Granted to Directors, Senior Management and Core Technicians During the Reporting Period

1. Share option
Not Applicable
2. The first type of restricted shares
Not Applicable
3. The second type of restricted shares
Not Applicable

(IV) Establishment and Implementation of Evaluation and Incentive Mechanisms for Senior Management During the Reporting Period

The Company has established a standardized and sound governance structure. The remuneration system for senior management consists of basic salary and performance-based bonus, of which the performance bonus is determined on a differentiated basis according to job responsibilities and work performance. The Board and the Remuneration and Evaluation Committee of the Company comprehensively consider factors including job responsibilities, level of importance and prevailing market remuneration standards for comparable positions in formulating remuneration systems on a scientific basis, and continuously improved the fairness and justice in remuneration distribution, so as to more effectively mobilize the enthusiasm and creativity of the senior management and continuously improve corporate governance standards.

XII. ESTABLISHMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

In 2025, the Company actively promoted the revision of internal control-related systems and processes in accordance with the requirements of the Enterprise Internal Control Standard System to ensure that all business activities were carried out normally and orderly. During the Reporting Period, no significant or important defects were found in financial statements and non-financial statements during the Company's internal control self-evaluation work.

In 2026, the Company will continue to adhere to the risk-oriented principle to strengthen its internal control management in accordance with the requirements of regulatory authorities, changes in the internal and external operating environments, and the Company's actual operating conditions, thus providing a reasonable guarantee for the realization of the Company's economic benefits and strategic goals, and promoting its sound and sustainable development.

Significant deficiency existed in internal control during the Reporting Period
Not Applicable

SECTION IV CORPORATE GOVERNANCE

XIII. MANAGEMENT CONTROL OVER SUBSIDIARIES DURING THE REPORTING PERIOD

During the Reporting Period, the Board of the Company adhered to the risk prevention-oriented principle and aimed to improve the management effectiveness, so as to enhance the execution of internal control system and the effectiveness of internal control management. By delegating senior management to subsidiaries to participate in their decision-making of major matters, the Company evaluated and guided business progress and market risks of subsidiaries, aiming to establish an effective control mechanism to control the risk of the Company's governance structure, assets and resources, and improve the overall operational efficiency and risk resistance capacity of the Company.

Warning of risks relating to abnormalities existed in management control over subsidiaries
Not Applicable

XIV. EXPLANATION ON INTERNAL CONTROL AUDIT REPORT

In accordance with the Company Law, the Securities Law, the Shanghai Stock Exchange STAR Market Listing Rules and other laws, regulations and regulatory documents, the Company has formulated a relatively complete internal control system to continuously improve and refine the internal control system based on the characteristics of the industry and the actual operation of the Company.

Beijing Xinghua Certified Public Accountants (Special General Partnership) has conducted an independent audit on the effectiveness of the Company's internal control over financial reporting for 2025 and issued the Audit Report on Internal Control ([2026] JING KUAI XING SHEN ZI No. 00250016), and considered that the Company has maintained effective internal control over financial reporting in all material aspects in accordance with the Basic Norms for Corporate Internal Control (《企業內部控制基本規範》) and relevant regulations on December 31, 2025, which is consistent with the opinion of the internal control evaluation report issued by the Board of the Company.

Whether to disclose the internal control audit report: Yes

Type of opinion on the internal control audit report: Standard unqualified opinion

Whether a non-standard audit opinion on internal control was issued during the Reporting Period or the previous year

Yes No

XV. RECTIFICATION OF PROBLEMS FOUND IN THE SPECIAL SELF-EXAMINATION OF GOVERNANCE OF LISTED COMPANY

Nil

XVI. CORPORATE GOVERNANCE REPORT

(I) Corporate Governance Practices

The Group is committed to achieving high standards of corporate governance with a view to safeguarding the interests of its shareholders and enhancing its value and accountability. The Board endeavors to adhere to the principles of corporate governance and has set and implemented sound corporate governance practices to fulfill the legal and commercial standards in the management structures, internal control, risk management and fair disclosure to achieve effective transparency and accountability.

During the Reporting Period, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of the Listing Rules from the Listing Date to December 31, 2025, save for the deviation as set out below in this report.

The Company will continue to review its corporate governance practices to ensure its continued compliance of the CG Code, enhance its corporate governance standard, comply with the increasingly tightened regulatory requirements, and meet the rising expectations of the Shareholders and investors.

(II) Values and Culture

It is our corporate culture to maintain an inclusive and safe workplace for its employee. The Group promotes diversity at all levels to enhance the effectiveness of our corporate governance and ensure that there is gender diversity when recruiting staff at mid to senior levels. The Group also provides diversified career development opportunities and different training resources for our staff. In addition, the Group believes production safety is a critical factor to the success of our business and operation. It is our top priority to maintain work safety at our business operations.

During the Reporting Period, the Group has established and implemented policies that promote a diversified and safe workplace. The Board is dedicated to upholding high ethical and legal standards to promote our corporate culture, and we provide regular training to our employees to strengthen their awareness and understanding of our values and internal policies. Before employees assume their positions, we also provide induction courses to introduce them to our culture and internal rules and regulations.

SECTION IV CORPORATE GOVERNANCE

(III) Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its code of conduct governing securities transactions by the Directors and Supervisors. The supervisory committee (the “**Supervisory Committee**”) of the Company was abolished on June 20, 2025. Having made specific enquiry of all the Directors and the then Supervisors, the Company confirmed that each of the Directors and the then Supervisors has confirmed that he/she has complied with the required standards as set out in the Model Code from the beginning of the Report Period up to June 20, 2025 (for Supervisors) and during the Reporting Period (for Directors).

(IV) Directors

1. Board

The Company is governed by the Board which is responsible for the leadership and control of the Group, overseeing and managing the Group’s businesses, strategic decisions and performance, convening Shareholders’ meetings and reporting our Board’s work at the Shareholders’ meetings, implementing the resolutions passed at the Shareholders’ meetings; determining our business plans and investment plans, preparing annual budget proposals and final accounts proposals; preparing plans for profit distribution and recovery of losses, preparing plans for the increase or decrease in registered capital; and exercising other power, functions and duties as conferred by the Articles of Association.

All the Directors carry out their duties in good faith and are in compliance with applicable laws and regulations, take decisions objectively and act in the interests of the Company and its Shareholders at all times.

Formal service agreements or letters of appointment have been entered into with the executive Directors, the non-executive Directors and the independent non-executive Directors respectively setting out the key terms and conditions of their respective appointments. Pursuant to the Articles of Association, the term of office of each Director is for a fixed term of three years commencing from the respective appointment date. A Director may serve consecutive term if re-elected upon the expiration of his/her term.

The Company has arranged for appropriate insurance coverage in respect of liability arising from legal action against the Directors and senior officers of the Company and will conduct annual review on such insurance coverage.

Save as disclosed in “V. Directors and Senior Management” under “Section IV Corporate Governance” of this annual report, to the best knowledge of the Directors, there is no personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors.

2. Board composition

The Board currently comprises of the following Directors:

Executive Directors

Mr. Zhang Guoqiang (張國強) (*Chairman and General Manager*)

Ms. Song Haiying (宋海英) (*Deputy General Manager and Chief Financial Officer*)

Ms. Dai Dongzhe (戴東哲) (*Deputy General Manager*)

Non-executive Directors

Ms. Teng Renjie (滕人杰) (*retired with effect from June 20, 2025*)

Mr. Song Feng (宋峰)

Independent Non-Executive Directors

Mr. Liu Xiaoshi (劉小詩) (*retired with effect from June 20, 2025*)

Mr. Ji Xuehong (紀雪洪)

Mr. Chan So Kuen (陳素權)

Mr. Li Zhijie (李志杰)

Employee Representative Director

Ms. Zhang Hongli (張紅黎) (*appointed with effect from June 20, 2025*)

The biographical details of the Directors are set out in the section headed “Directors and Senior Management” of this annual report. The Company considers that the composition of the Board provides a strong independent element with a balanced of skill, experience, knowledge and expertise, and diversity perspectives appropriate for the requirements of the business of the Company.

During the Reporting Period, the Company has complied with Rules 3.10(1) and (2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing at least one-third of the Board and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. All independent non-executive Directors also meet the guidelines for assessment of their independence pursuant to Rule 3.13 of the Listing Rules. The Company has received a confirmation of independence from each of the independent non-executive Directors as required under the Rule 3.13 of the Listing Rules and the Company considers all the independent non-executive Directors to be independent during the Reporting Period. The Board will assess their independence on an annual basis.

Ms. Zhang Hongli, who was appointed as the Employee Representative Director on June 20, 2025, has confirmed her understanding of her responsibilities as Director of a listed issuer, and has obtained the legal opinion referred to under Rule 3.09D of the Listing Rules of the Stock Exchange on June 16, 2025.

3. Chairman and Chief Executive

Under code provision C.2.1 of the CG Code, the responsibilities between the chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhang Guoqiang (張國強) is our general manager, and he also serves as the chairman of our Board as he has over ten years of experience in the fuel cell system industry. Our Board believes that vesting the roles of both the chairman of our Board and the general manager in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning of our Group.

SECTION IV CORPORATE GOVERNANCE

4. Responsibilities and delegation of functions

The Company has formalized and adopted written terms on the division of functions reserved to the Board and those delegated to the management of the Company. The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to the relevant information of the Group as well as the advice and services of the Joint Company Secretaries and senior management of the Company, in order to ensure compliance with the Board procedures and all applicable laws and regulations. Any Director may request independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request being made to the Board. The Board has delegated the responsibility for implementing its corporate strategies and the day-to-day management, operation and administration to the management of the Company under the leadership of the executive Directors. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, finance and financial reporting, internal control, communication with Shareholders, Board composition, delegation of authority and corporate governance. The Board periodically reviews the delegated functions and work tasks. Prior to entering into any significant transactions, the aforesaid officers have to obtain the Board's approval.

The Board recognizes that the collective responsibilities of the Directors to the Company in respect to the corporate governance include but are not limited to:

- (1) to develop and review the policies and practices on corporate governance of the Company and make recommendations to the Board;
- (2) to review and monitor the training and continuous professional development of Directors and senior management;
- (3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and
- (5) to review the Company's compliance with the CG Code and disclosure in the corporate governance report of the Company.

SECTION IV CORPORATE GOVERNANCE

5. Appointment, re-election and removal of Directors

All executive Directors, non-executive Directors and independent non-executive Directors are appointed for a specific term of three years. None of the Directors has a service contract or letter of appointment with the Company or any of its subsidiaries other than the contracts/letters of appointment expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation). All Directors, including the independent non-executive Directors, may serve consecutive terms if re-elected upon the expiration of his/her term in accordance with the provisions of the Articles of Association.

Without prejudicing the relevant laws, regulations, and regulatory rules of the place where the shares of the Company are listed, any person appointed by the Board as a Director to fill a casual vacancy or increase the number of Directors shall serve only until the first annual general meeting of the Company following his or her appointment and shall in that time be eligible for re-election. All Directors appointed to fill a casual vacancy should be subject to election by the Company's shareholders at the first general meeting after their appointment. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

6. Board meetings, general meetings and procedures

Pursuant to the CG Code, at least four regular Board meetings should be held in each year. The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary. The Company was listed after its financial year end date. During the Reporting Period, the record of the Directors attending the Board meetings and general meetings are as follows:

	Number of meetings attended/ Number of Board meetings held	Number of meetings attended/ Number of general meetings held
Mr. Zhang Guoqiang	12/13	3/4
Ms. Song Haiying	13/13	4/4
Ms. Dai Dongzhe	13/13	4/4
Mr. Song Feng	13/13	4/4
Ms. Zhang Hongli (<i>Note 1</i>)	9/9	2/2
Mr. Li Zhijie	13/13	4/4
Mr. Ji Xuehong	13/13	4/4
Mr. Chan So Kuen	13/13	4/4
Mr. Liu Xiaoshi (<i>Note 2</i>)	4/4	2/2
Ms. Teng Renjie (<i>Note 3</i>)	4/4	2/2

Notes:

1. Ms. Zhang Hongli was appointed as the Employee Representative Director with effect from June 20, 2025.
2. Mr. Liu Xiaoshi retired as an independent non-executive Director with effect from June 20, 2025.
3. Ms. Teng Renjie retired as a non-executive Director with effect from June 20, 2025.

SECTION IV CORPORATE GOVERNANCE

During the Reporting Period, five meetings were held between the chairman of the Board and the independent non-executive Directors without the presence of other Directors in accordance with code provision C 2.7 of the CG Code.

Board members were provided with complete, adequate and timely information to allow them to fulfill their duties properly.

Schedules for regular Board meetings and meeting agenda are sent to all Directors in advance. Notice of at least 14 days is given for a regular Board meeting. For other Board and committee meetings, reasonable notice is generally given. Board papers together with all appropriate, complete and relevant information are dispatched to all Directors at least three days before each regular Board meeting to ensure that the Directors have sufficient time to review the related documents and be adequately prepared for the meeting.

The Joint Company Secretaries of the Company are responsible for keeping minutes of all Board and committee meetings. Draft minutes are normally circulated to all Directors for comments within a reasonable time after each meeting and the final version is open to Directors for inspection. The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

7. Continuous professional development

Prior to the Company's listing, all Directors have been given relevant guideline materials regarding the responsibilities and obligations of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Company and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors to ensure that he or she has a proper understanding of the operation and business of the Company and full awareness of Directors' responsibilities and obligation under the Listing Rules and relevant statutory requirements. All Directors have been regularly provided with updates of the Group's performance, financial position and prospects to keep the Directors' abreast of the Group's affairs in order to discharge their duties. All Directors are also updated from time to time on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices, as set out in their respective terms of reference which are available on the websites of the Hong Kong Stock Exchange and the Company.

SECTION IV CORPORATE GOVERNANCE

During the Reporting Period, all Directors had participated in continuous professional development in the following manner:

Name of Directors	Type of training
Mr. Zhang Guoqiang	A, B
Ms. Song Haiying	A, B
Ms. Dai Dongzhe	A, B
Ms. Teng Renjie (<i>retired with effect from June 20, 2025</i>)	A, B
Mr. Song Feng	A, B
Mr. Liu Xiaoshi (<i>retired with effect from June 20, 2025</i>)	A, B
Mr. Ji Xuehong	A, B
Mr. Chan So Kuen	A, B
Mr. Li Zhijie	A, B
Ms. Zhang Hongli (<i>appointed with effect from June 20, 2025</i>)	A, B

A: attending seminars/courses/conference to develop professional skills and knowledge

B: reading materials in relation to regulatory update

8. Corporate governance functions

As mentioned in the above "4. Responsibilities and delegation of functions" of this report, the Board is responsible for performing the corporate governance functions set out in code provision A.2.1 of the CG Code. During the Reporting Period, the Board has reviewed the Company's policies and practices on corporate governance and compliance with the CG Code, reviewed and monitored the continuous professional development of the Directors and also reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements.

The Company has established channels through formal and informal means whereby independent non-executive Directors can express their views in an open and candid manner. These include periodic Board reviews, dedicated meeting sections with the Chairman and interaction with management and other Board members including the Chairman outside the boardroom. The Board will review the implementation and effectiveness of the abovementioned mechanism on an annual basis to ensure that independent views and input are available to the Board.

SECTION IV CORPORATE GOVERNANCE

(V) Board Committees

The Board has established four Board committees, namely, the audit committee (the “**Audit Committee**”), the remuneration and evaluation committee (the “**Remuneration and Evaluation Committee**”), the nomination committee (the “**Nomination Committee**”) and the strategy and ESG committee (the “**Strategy and ESG Committee**”), to assist them in the efficient implementation of their functions and to oversee particular aspects of the Company’s affairs. Specific responsibilities, as set out in their respective terms of reference which are available on the websites of the Hong Kong Stock Exchange and the Company, have been delegated to the above committees. All committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company’s expense.

1. Audit Committee

We have established the Audit Committee with terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, internal control and risk management system of the Group, including (i) to review the Company’s financial information and monitor the integrity of the Company’s financial statements, annual report and accounts, half-year report, and quarterly reports (if prepared for publication) and to review significant financial reporting judgments contained therein before submission to the Board; (ii) to manage the relationship with the external auditors, including but not limited to making recommendation to the Board on the appointment, reappointment and removal of external auditors, reviewing and monitoring the external auditors’ independence and objectivity and the effectiveness of the audit process, discussing with the auditors the nature and scope of the audit and reporting obligations, and developing and implementing policy on engaging an external auditor to supply non-audit services; (iii) to oversee the Company’s financial reporting system, risk management and internal control systems and associated procedures; and (iv) to develop, review and monitor the Company’s policies and practices on corporate governance issues, including but not limited to training and continuous professional development of Directors and senior management, and the Company’s compliance with legal and regulatory requirements and the CG Code. For details of the duties and obligations of the Audit Committee, please refer to the terms of reference of the Audit Committee published on the websites of the Hong Kong Stock Exchange and the Company on June 20, 2025.

As of December 31, 2025, the Audit Committee comprised three members, namely Mr. Li Zhijie, Mr. Ji Xuehong and Mr. Chan So Kuen, all of whom are independent non-executive Directors and is chaired by Mr. Li Zhijie who has the appropriate professional qualifications or accounting or related financial management expertise. During the year ended December 31, 2025, the Audit Committee held 9 meetings and the work performed by the Audit Committee was summarized as follows:

- (1) reviewed the Company’s financial statements and financial report for the year ended December 31, 2024, including Group’s accounting policies, financial performance and position set out therein;
- (2) reviewed the findings and recommendations from external auditors and the independent internal control reviewer;
- (3) reviewed the independence of the external auditors and engagement of external auditors;
- (4) reviewed the audit plan, internal control plan, the development in accounting standards and their effects on the Group, financial reporting and risk management matters;

SECTION IV CORPORATE GOVERNANCE

- (5) reviewed effectiveness of the Company's internal audit function;
- (6) reviewed the adequacy of resources, qualifications and experience of staff in the Group's accounting and financial reporting functions; and
- (7) reviewed the effectiveness of the Group's risk management and internal control systems.

The attendance records of each committee members are set out below:

	Number of attendance/ Number of meetings
Mr. Li Zhijie (<i>Convener</i>)	9/9
Mr. Ji Xuehong	9/9
Mr. Chan So Kuen	9/9

The Company's annual report and annual results announcement for the year ended December 31, 2025 have been reviewed by the Audit Committee. The Audit Committee is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

2. Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with the CG Code. The primary duties of the Nomination Committee are to (i) review the structure, size, composition and diversity (including without limitation, professional experience, skills, knowledge, age, gender, education, cultural background and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) determine the policy for the nomination of Directors, identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships, and in identifying suitable individuals, consider individuals on merit and against the object criteria, with due regard for the benefits of diversity on the Board; (iii) assess the independence of independent non-executive Directors of the Company; (iv) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive, taking into account the Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future; and (v) formulate and regularly review measurable objectives for the implementation of the board diversity policy and monitor the progress of the implementation of such objectives. For details of the duties and obligations of the Nomination Committee, please refer to the terms of reference of the Nomination Committee published on the websites of the Hong Kong Stock Exchange and the Company on June 20, 2025.

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As of December 31, 2025, the Nomination Committee comprised three members, namely Mr. Ji Xuehong (Convener), Mr. Chan So Kuen and Ms. Song Haiying. During the Reporting Period, the Nomination Committee held 4 meetings and the work performed by the Nomination Committee was summarized as follows:

- (1) reviewed and confirmed the structure, size and composition of the Board and the split between number of executive Directors and independent non-executive Directors remained appropriate for the Board to perform its duties;
- (2) reviewed and confirmed the Board has a diverse mix of skills, knowledge, experience and gender;
- (3) reviewed the board diversity policy (the “**Board Diversity Policy**”); and
- (4) formulated the nomination policy (the “**Nomination Policy**”) and made a recommendation to the Board for adoption.

The attendance records of each committee member are set out below:

	Number of meetings attended/Number of meetings required
Mr. Ji Xuehong (<i>Convener</i>)	4/4
Mr. Chan So Kuen	2/2
Ms. Song Haiying	2/2
Mr. Liu Xiaoshi (<i>Note 1</i>)	2/2
Mr. Zhang Guoqiang (<i>Note 2</i>)	2/2

Notes:

- (1) Mr. Liu Xiaoshi retired as an independent non-executive Director with effect from June 20, 2025.
- (2) Mr. Zhang Guoqiang ceased to be a member of the Nomination Committee with effect from June 20, 2025.

Board Diversity Policy

We have adopted the Board Diversity Policy which sets out the objective and approach to achieve and maintain a high level of diversity on our Board in order to enhance the effectiveness of our Board. The Board Diversity Policy provides that the Company should endeavor to ensure that the Board members have the appropriate balance of skills, experience, and diversity of perspectives that are required to support the execution of its business strategy. Pursuant to the Board Diversity Policy, a number of factors will be taken into account in determining the Board composition to achieve Board diversity, including but not limited to professional experience, skills, knowledge, age, gender, education, cultural background and length of service. The Nomination Committee is delegated by the Board to be responsible for compliance with relevant code governing Board diversity under the CG Code.

The Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness including assessing annually on the Board’s diversity profile including gender balance and making recommendation on suitable candidates for Board appointments and the Company will disclose in its corporate governance report about the implementation of the Board Diversity Policy on an annual basis.

The Nomination Committee will identify and recommend suitable female candidates for the Board’s consideration and our Company will maintain not less than 30% female representation in the Board so as to maintain an appropriate balance of gender diversity with reference to stakeholders’ expectation and international and local recommended best practices. As of the date of this report, the Board has three female members and five male members.

SECTION IV CORPORATE GOVERNANCE

As of December 31, 2025, the Board has a reasonable age structure, with five Directors aged 41 to 50, and three Directors aged 51 to 60. Furthermore, members of the Board have a balanced mix of knowledge, skills and experience, including engineering, overall business management, finance and investment. The Directors obtained degrees in various majors, including public administration, agronomy, business administration, accounting, engineering and science. The Board has three independent non-executive Directors who have different industry backgrounds, representing over one-third of our Board members.

The Nomination Committee has considered measurable objectives based on four focus areas: gender, age, professional experience and length of service to implement the Board Diversity Policy. Such objectives will be reviewed from time to time as and when appropriate and at least once a year to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained. The Nomination Committee will review the Board Diversity Policy and our diversity profile as appropriate and at least once a year to ensure its continued effectiveness from time to time, and where necessary, make any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

The effective implementation of the Board Diversity Policy also depends on the judgement of the Shareholders of the Company on the suitability of individual candidates and their views on the scale of gender diversity of our Board. As such, the Board will provide the Shareholders with detailed information of each candidate for appointment or re-election to the Board through announcements and circulars published prior to general meetings of our Company.

The Nomination Committee will disclose in the corporate governance report about the implementation of the Board Diversity Policy on an annual basis.

Employee diversity

The Company also takes into account relevant factors when recruiting and selecting key business management personnel and other personnel to maintain gender diversity. As of December 31, 2025, all employees (including senior management) of the Company comprised 77.18% male employees and 22.82% female employees. We will continue to maintain gender diversity at all levels as our goal and review our policies on employee recruitment and management in accordance with the Company's business development and needs as and when appropriate.

Nomination Procedures

The Nomination Committee identifies individuals suitably qualified to become Board members, having due regard to the Board Diversity Policy, Nomination Policy and the needs of the Company by considering the skills, knowledge, experience, expertise, etc. of the proposed candidate and assesses the independence of the proposed independent non-executive Director, as the case may be. The Nomination Committee then makes recommendation(s) to the Board. The Board considers the candidate(s) recommended by the Nomination Committee, having due regard to the Board Diversity Policy, the Nomination Policy and the needs of the Company. The Board will then confirm the list of candidates for appointment to be proposed at the general meeting for voting.

SECTION IV CORPORATE GOVERNANCE

3. Remuneration and Evaluation Committee

The Company has established the Remuneration and Evaluation Committee with written terms of reference in accordance with Rule 3.26 of the Listing Rules and code provision E.1.2(c)(ii) of the CG Code. The primary duties of the Remuneration and Evaluation Committee are to (i) make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (iii) make recommendations to the Board on the remuneration packages of individual executive Directors and senior management/determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management; and (iv) make recommendations to the Board on the remuneration of independent non-executive Directors. For details of the duties and obligations of the Remuneration and Evaluation Committee, please refer to the terms of reference of the Remuneration and Evaluation Committee published on the websites of the Hong Kong Stock Exchange and the Company on June 20, 2025.

The Remuneration and Evaluation Committee currently comprised three members, namely Mr. Chan So Kuen (Convener), Mr. Ji Xuehong and Ms. Dai Dongzhe. The remuneration of the Directors was determined with reference to the salaries paid by comparable companies and the experience, responsibilities, workload, time devoted to the Group and individual performance of the Directors, as well as the performance of the Group.

During the Reporting Period, the Remuneration and Evaluation Committee held 2 meetings and the work performed by the Remuneration and Evaluation Committee was summarised as follows:

- (1) made recommendations to the Board on the remuneration packages of the senior management; and
- (2) made recommendations to the Board on the remuneration packages for the fourth session of the Board.

The attendance records of each committee member are set out below:

	Number of meetings attended/Number of meetings held
Mr. Chan So Kuen (<i>Convener</i>)	1/1
Mr. Ji Xuehong	2/2
Ms. Dai Dongzhe	2/2
Mr. Liu Xiaoshi (<i>Note</i>)	1/1

Note:

Mr. Liu Xiaoshi retired as an independent non-executive Director with effect from June 20, 2025.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the senior management of the Company by band for the Reporting Period was set out in the paragraph headed "(XI) Remuneration of Senior Management" in this section below.

SECTION IV CORPORATE GOVERNANCE

4. Strategy and ESG Committee

The Company has established the Strategy and ESG Committee with written terms of reference. The primary duties of the Strategy and ESG Committee include (i) the formulation of long-term development strategies for the Company; (ii) the supervision and verification of major investment decisions of the Company; and (iii) other matters authorized by the Board. For details of the duties and obligations of the Strategy and ESG Committee, please refer to the terms of reference of the Strategy and ESG Committee published on the websites of the Hong Kong Stock Exchange and the Company on June 20, 2025.

The Strategy and ESG Committee currently comprised three members, namely Mr. Zhang Guoqiang (Convener), Ms. Song Haiying and Ms. Dai Dongzhe, all of whom are executive Directors.

During the Reporting Period, the Strategy and ESG Committee held 3 meetings and the work performed by the Strategy and ESG Committee was summarised as follows:

- (1) approved and confirmed the 2024 Sustainability Report and proposed relevant recommendations to the Board;
- (2) made recommendations to the Board regarding the termination of issuing shares to purchase assets, raising supporting funds and the connected transactions; and
- (3) made recommendations to the Board in relation to formulating the H-share issuance plan pursuant to the general mandate.

	Number of meetings attended/ Number of meetings held
Mr. Zhang Guoqiang (<i>Convener</i>)	3/3
Ms. Song Haiying	3/3
Ms. Dai Dongzhe	3/3

(VI) Directors' Responsibilities for the Financial Statements

The Board acknowledges its responsibilities for preparing the Company's financial statements for each financial year and to ensure that the financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the financial statements in accordance with statutory and/or regulatory requirements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement by the auditor of the Company about their reporting responsibilities and opinion on the financial statements for the year ended December 31, 2025 is set out in the Independent Auditor's Report in the "Section V Financial Statements" of this annual report.

SECTION IV CORPORATE GOVERNANCE

(VII) Risk Management and Internal Control

The Company had established appropriate and effective risk management and internal control systems. The Board is responsible for evaluating and determining the nature and extent of the risks that the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The management is responsible for designing, implementing and monitoring the risk management and internal control systems while the Board oversees the management in performing its duties on an on-going basis.

The management, under the supervision of the Board, has implemented and maintained appropriate and effective risk management and internal control system, which aims to manage and reduce (i) risks associated with the Group's daily operations; (ii) risks of failing to achieve business objectives; (iii) risks of asset misappropriation; and (iv) risks of making potential material misstatements or losses. However, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatements or losses. Main features of the risk management and internal control systems are described in the sections below:

1. Risk management system

The Company adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- Risk identification: Identify risks that could potentially affect the Group's operation and business.
- Risk evaluation: Analyze the likelihood and impact of risks on the Group's business and evaluate the risk portfolio accordingly.
- Management: Determine the risk management strategies and internal control processes to prevent, avoid or mitigate the risks; monitor the risks on an on-going basis and ensure effective and appropriate internal control processes are in place; report the results and effectiveness of risk management and internal control to the Board regularly.

With regard to the principal risks encountered by the Company/Group, please refer to "IV. Risk Factors" under the "Section III Management Discussion and Analysis" set out in this annual report.

2. Internal control system

The Company has in place an internal control system which enables the Company to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The internal control procedures are designed to monitor operations of the Group and ensure overall compliance. The components of the internal control system framework are shown as follow:

- **Control Environment:** A set of standards, processes and structures has been implemented to provide the basis for carrying out internal control across the Company.
- **Risk Assessment:** A dynamic and iterative process for identifying, assessing and analyzing risks to achieve the Company's objectives, forming a basis for determining how risks should be managed.
- **Control Activities:** Actions established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.
- **Information and Communication:** Regular and effective internal and external communication to provide the Company with the information needed to carry out day-to-day controls.
- **Monitoring:** Ongoing and separate evaluations to ascertain the existence and effective operation of each component of the internal control system.

In order to enhance the Company's system of handling and disseminating inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Company also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that potential inside information being captured and confidentiality of such information being maintained in order to prevent a breach of a disclosure requirement in relation to the Company, which include:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- Confidentiality agreements are in place when the Company enters into significant negotiations.
- Reporting channels are in place for different operating units to report any potential inside information to designated departments.
- The executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors and to respond to external enquiries.

Based on the internal control reviews conducted by the Company in 2025, no significant internal control deficiency was identified.

SECTION IV CORPORATE GOVERNANCE

3. Internal audit function

The Company has adopted an internal audit system and designated auditors to supervise the internal audits of income and expenses as well as the business activities of the Company. The internal audit team is responsible for reviewing the approval status, implementation status, and cash management as well as verifying the accounting procedure. The person in charge of audits shall be accountable to and report to the Board.

4. Effectiveness of the risk management and internal control systems

The Board is responsible for overseeing the implementation and managing the risk management and internal control systems of the Company and ensuring review of the effectiveness of these systems has been conducted annually. The review covered all material controls of the Group, including financial, operational and compliance controls. Several areas have been considered during the Board's review, including but not limited to (i) the changes in the nature and extent of significant risks (including ESG risks) since the last annual review, and the Company's ability to respond to changes in its business and the external environment; (ii) the scope and effectiveness of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems; (iii) the extent and frequency of communication of monitoring results to the Board (or Board committee(s)) which enables it to assess control of the issuer and the effectiveness of risk management; (iv) significant control failings or weaknesses that have been identified during the period, and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the issuer's financial performance or condition; and (v) the effectiveness of the issuer's processes for financial reporting and Listing Rule compliance. and (vi) the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting.

The Board, through its review and the review made by internal audit team and the Audit Committee, concluded that the risk management and internal control systems were effective and adequate during the year ended December 31, 2025. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board also reviewed and considered that during the year ended December 31, 2025, the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient.

5. Anti-corruption

The Group does not tolerate any form of corruption, such as bribery, extortion, fraud or money laundering. The Group requires all employees to comply with professional ethics, and prohibits any form of corruption. The Group has prepared manuals for internal training and implemented anti-bribery and anti-corruption compliance policies. The Group has adopted a zero-tolerance policy for any form of corruption. Employees who are found to have committed corruption will receive disciplinary action, including being discharged from their duties and required to indemnify the losses caused. If their acts are found to be in violation of any regulatory requirement, the employee will be held accountable for his/her judicial responsibility. The Group further strengthens the awareness of employees and new recruits by conducting periodic anti-corruption training.

SECTION IV CORPORATE GOVERNANCE

6. Whistleblowing policy

The Board has established and adopted a whistleblowing policy which sets out the channels for employees and those who deal with the Group, including customers and suppliers, to raise concerns about possible improprieties in any matters about the Group, including financial reporting, internal control, corruption, or any kind of misconduct. Complaints will be kept confidential and anonymous, and will be handled in a timely and fair manner. The Audit Committee is responsible for the implementation and oversight of the policy and will review the policy annually.

(VIII) Independent Auditor's Remuneration

The remuneration paid/payable to the independent auditor of the Company for the year ended December 31, 2025 is set out as follows:

Services rendered	Paid/payable RMB0'000
Audit services ^(Note 1)	140
Non-audit services ^(Note 2)	15
Total	155

Notes:

1. For the year ended December 31, 2025, the audit services provided by the independent auditor included audit on annual results.
2. The non-audit services included internal control audit services provided by the independent auditor.

(IX) Remuneration of Senior Management

For the year ended December 31, 2025, the remuneration before tax paid to a total of 7 senior management (excluding Directors) by the Company is set out below:

Remuneration Bands	Number
RMB1,000,000 or below	7
Over RMB1,000,000	0

SECTION IV CORPORATE GOVERNANCE

(X) Joint Company Secretaries

Mr. Kang Zhi (“**Mr. Kang**”) and Mr. Lau Kwok Yin (“**Mr. Lau**”), a vice president of SWCS Corporate Services Group (Hong Kong) Limited (a professional service provider specializing in corporate services), were appointed as the Joint Company Secretaries of the Company and are responsible for overseeing the company secretarial work of the Group. The primary corporate contact of Mr. Lau at the Company is Mr. Kang.

In accordance with the requirements under Rule 3.29 of the Listing Rules, both Mr. Kang and Mr. Lau confirmed that they have taken not less than 15 hours of relevant professional training during the year ended December 31, 2025.

As disclosed in the announcement of the Company dated February 2, 2026, the Stock Exchange has confirmed that Mr. Kang meets the qualification to act as the company secretary of the Company under the Rules 3.28 and 8.17 of the Listing Rules.

With effect from February 2, 2026, Mr. Lau resigned from his position as a joint company secretary of the Company, and following Mr. Lau’s resignation, Mr. Kang will continue to serve as the sole company secretary of the Company.

(XI) Communications with Shareholders and Investors

The Board believes that a transparent and timely disclosure of the Company’s information is essential for enhancing investor relations and will enable the Shareholders and investors to make the best investment decision and to have better understanding of the Company’s business performance and strategies. The Company endeavours to maintain an on-going dialogue with the Shareholders and the investment community, and in particular, through the Company’s annual reports, interim reports and quarterly reports (if any), annual general meetings and other general meetings that may be convened, as well as by making available disclosures submitted to the Hong Kong Stock Exchange for publication and corporation communications and other corporate publications. The chairman of the Board and the chairmen of the Board committees will endeavour to meet the Shareholders at the general meetings to answer any questions raised by the Shareholders.

The Company has adopted a Shareholders’ Communication Policy (the “**Shareholders’ Communication Policy**”) to ensure that Shareholders’ views and concerns are appropriately addressed with the objective of ensuring transparent, accurate and open communications with the Shareholders, which will be reviewed annually to ensure its implementation and effectiveness.

The Company also maintains its website at www.sinohytec.com where corporate communication documents, other documents issued by the Company which are published on the website of the Stock Exchange, constitutional documents, corporate information, other corporate publications and up-to-date information and updates of the Company’s operations, performances and strategies are available to public access. The Company’s website serves as a communication platform with the Shareholders and investors.

During the Reporting Period, the Company regularly communicated with institutional investors and actively responded to questions from the Shareholders and investors online. Having considered the communications with the Shareholders and investors, the Board is of the view that the implementation of the Shareholders’ Communication Policy of the Company was effective during the Reporting Period.

The contact details of the Company are set out on the Company’s website to enable Shareholders to make any query that they may have with respect to the Company.

SECTION IV CORPORATE GOVERNANCE

(XII) Shareholders' Rights

1. Procedures for convening extraordinary meeting or class meeting on requisition

The Shareholders shall follow the procedures as prescribed in Article 59 of the Articles of Association to convene an extraordinary general meeting or class meeting of the Company. The shareholders who individually or jointly hold more than 10% (inclusive of 10%) of the issued shares of the Company carrying the right to vote shall propose to the board of directors to convene an extraordinary general meeting or a class meeting, and shall make such proposal to the board of directors in writing and illustrate the topic of the meeting. The board of directors shall, in accordance with the provisions of laws, administrative regulations, departmental rules, securities regulatory rules of the places where the shares of the Company are listed, and these Articles of Association, give written feedback on approval or disapproval of the convening of an extraordinary general meeting or class meeting within 10 days after receiving the written request.

When the audit committee or the shareholders decide to convene the general meeting or a class meeting by themselves, they must notify the board of directors in writing and at the same time submit the relevant documentation to the stock exchange in the place where the shares of the Company are listed. For the general meeting or a class meeting convened by the shareholders, before an announcement on resolutions of the general meeting or a class meeting is made, the shareholding percentage carrying the right to vote of the convening shareholders shall not be less than ten percent. The audit committee or convening shareholders shall provide relevant evidence to CSRC agency where the Company is domiciled and the stock exchange(s) where the shares of the Company are listed at the time the notice of general meeting or a class meeting is issued and an announcement on resolutions of the general meeting is made.

If the audit committee or shareholders convene the general meeting or class meeting on their own, the Company shall bear the necessary expenses for meetings.

The Shareholders of the Company shall follow the procedures as prescribed in Article 64 of the Articles of Association to propose new resolutions at general meetings. When the Company convenes an annual general meeting, shareholders holding more than 1% of the shares of the Company individually or jointly are entitled to submit proposals to the Company.

The shareholders individually or jointly holding more than 1% of the shares of the Company may raise provisional proposal and submit it to the convener in writing 10 days before the general meeting is held. The convener shall, within 2 days after the receipt of the proposal, issue a supplementary notice of general meeting and announce the contents of the provisional proposal and shall submit the interim proposals to the general meeting for consideration, provided that such interim proposal is in violation of the requirements under laws, administrative regulations or these Articles of Association, or fall out of the powers of the general meeting.

Save as specified in the preceding paragraph, the convener shall not change the proposal set out in the notice of general meeting or add any new proposals after the said notice is served.

The general meeting shall not vote or pass resolutions on proposals not listed in the notice of the general meeting or proposals not in conformity with these Articles of Association.

SECTION IV CORPORATE GOVERNANCE

2. Procedures for raising enquiries

Shareholders can direct their enquiries about their shareholdings to the Company's H share registrar. Their details are as follows:

Tricor Investor Services Limited

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Email: is-enquiries@hk.tricorglobal.com
Tel: (852) 2980 1333
Fax: (852) 2810 8185

The Shareholders may at any time make any queries in respect of the Company at the following designated contacts, correspondence address, email address(es) and enquiry hotline(s) of the Company. Information on the designated contact person, correspondence address, email address and enquiry hotline of the Company is set out in "II. Contact Person and Contact Method" of "Section II Company Profile and Financial Highlights".

The Shareholders are reminded to lodge their queries together with their detailed contact information for the prompt response of the Company if it deems appropriate.

The list of candidates for Directors shall be submitted by way of proposal for voting at the general meeting. Article 91 of the Articles of Association provides that any shareholders holding 3% or above of the shares individually or in aggregate or the board of directors may propose a resolution for the nomination of directors at the general meeting, while any shareholders holding 3% or above of the shares individually or in aggregate or the audit committee may propose a resolution for the nomination of the members of the audit committee at the general meeting; the staff directors are elected by the staff of the Company at the staff representative meeting, staff meeting, or by other democratic means; candidates for independent non-executive directors are nominated by the board of directors of the Company, or any shareholders holding 1% or above of the issued shares of the Company individually or in aggregate. In considering the proposal for the election of directors, the general meeting shall vote on each candidate for director one by one. The board of directors shall inform the shareholders of the resumes and basic information of the candidates for directors.

Further details of the procedures for Shareholders to propose a person for election as a Director are posted on the website of the Company. Shareholders or the Company may also refer to the above procedures for putting forward any other proposals at general meetings.

(XIII) Constitutional Documents

On June 20, 2025, special resolution was passed by the Company at the annual general meeting of 2024 for the Resolution on Abolition of the Supervisory Committee and the Amendments to the Articles of Association of the Company for the purposes of, among others, (1) reflecting the latest updates on requirements and interpretation of applicable PRC laws, administrative regulations and normative documents and the related Listing Rules; and (2) making housekeeping amendments. On December 15, 2025, another special resolution was passed by the Company at the second extraordinary general meeting of 2025, the first A share class meeting of 2025, and the first H share class meeting of 2025 to amend its Articles of Association, for the purposes of reflecting the changes in registered capital. Save for the above, there has been no amendment made to the Articles of Association during the year ended December 31, 2025 and up to the date of this report.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BEIJING SINOHYTEC CO., LTD.

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

OPINION

We have audited the consolidated financial statements of Beijing SinoHytec Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 108 to 114, which comprise the consolidated statement of financial position as at December 31, 2025; the consolidated statement of profit or loss and other comprehensive income for the year then ended; the consolidated statement of changes in equity for the year then ended; the consolidated statement of cash flows for the year then ended; and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

SECTION V FINANCIAL STATEMENTS

KEY AUDIT MATTERS (Continued)

Revenue recognition

Refer to Note 5 to the consolidated financial statements.

The Group's revenue was primarily derived from the sales of hydrogen fuel cell motors and related accessories, as well as the provision of technology development services. As revenue constitutes one of the key performance indicators of the Group, there is an inherent risk that the management of the Company (the "**Management**") may seek to achieve specific targets or market expectations through inappropriate revenue recognition. Furthermore, revenue is significant to the consolidated financial statements, as it represents a substantial portion of the Group's total income and directly impacts the overall financial performance and position presented therein. Therefore, we identified revenue recognition as a key audit matter.

Our audit procedures included, among others:

- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition.
- Inspecting customer contracts, on a sample basis, to identify terms and conditions relating to the transfer of control over the products sold and assessing the Group's timing of revenue recognition with reference to the requirements of prevailing accounting standards.
- Assessing the appropriateness of the accounting policies adopted in revenue recognition by inspecting the key terms in the sales and services contracts.
- Comparing, on a sample basis, revenue transactions recorded before and after the financial year end date with goods delivery notes, notes of goods transfer or any other relevant documentation to assess whether the revenue had been recognised in the appropriate financial period.
- Confirming the trade receivables as of December 31, 2025 with customers on a sample basis.
- Comparing revenue transactions recorded during the current year, on a sample basis, with invoices, sales contracts and goods delivery notes or notes of goods transfer to assess whether the related revenue was recognised in accordance with the Group's revenue recognition accounting policies.
- Assessing the disclosure of the Group's exposure to revenue recognition in the consolidated financial statements.

Based on the procedures performed, we found the revenue recorded to be supportable by the available evidence.

KEY AUDIT MATTERS (Continued)

Impairment assessment of trade receivables

Refer to Notes 19 and 37 to the consolidated financial statements.

As at December 31, 2025, the Group's net trade receivables amounted to approximately RMB1,084,798,000, which represented approximately 29.5% of the total assets of the Group.

The Management performed an impairment assessment of trade receivables by applying the simplified approach to provide for expected credit losses ("ECL"), taking into account the historical settlement records, past experience and other factors. The Group has established a provision matrix for certain trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, which involved significant management's judgement and estimation uncertainty. In addition, trade receivables which are credit-impaired are assessed for the allowance for ECL individually based on expectation of cash flows that taken into account the credit risk characteristics of the particular individual customers. The assumptions applied in determining the ECL required significant management judgement and estimates. Therefore, we identified the impairment of trade receivables as a key audit matter.

Our audit procedures included, among others:

- Obtaining an understanding of key internal controls relating to credit control, segmentation of trade receivables, ageing analysis review, and estimation of credit loss allowances.
- Obtaining an understanding of the key data and assumptions of the ECL model adopted by management, including the basis of segmentation of trade receivables based on credit loss characteristics, historical default data used in Management's estimation of loss rate under provision matrix.
- Assessing the appropriateness of the Management's estimation of loss allowance by examining the information used by management to derive such estimates, including testing the accuracy of the historical default data and evaluating whether historical loss rates are appropriately adjusted based on current economic conditions and forward looking information under provision matrix.
- Assessing whether items in the trade receivables ageing report were categorised in the appropriate ageing bracket by comparing individual items with the demand notes and sales invoices on a sample basis.
- For credit-impaired trade receivables, on a sample basis, assessing for reasonableness the Group's assumptions on the expected future cash flows.
- Testing on a sample basis the subsequent settlements of credit-impaired trade receivables by inspecting supporting documents for cash receipts from customers subsequent to the end of the reporting period.
- Assessing the competence, independence and integrity of the external valuer engaged by the Company.
- Obtaining the external valuation reports and meeting with the external valuer to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the valuation model.

SECTION V FINANCIAL STATEMENTS

KEY AUDIT MATTERS (Continued)

Impairment assessment of trade receivables (Continued)

- Checking arithmetical accuracy of the valuation model.
- Re-performing the calculation of the loss allowance as at December 31, 2025 based on the Group's ECL allowance policies.
- Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

Based on our work, we found that the result of management's impairment assessment of trade receivables was supported by the evidence we obtained.

Impairment assessment of property, plant and equipment and intangible assets

Refer to Notes 12 and 15 to the consolidated financial statements.

As at December 31, 2025, the Group's net carrying amount of property, plant and equipment ("**PPE**") and intangible assets ("**IA**") amounted to approximately RMB396,574,000 and RMB214,286,000 respectively, which related to production and sale of fuel cell system, and fuel cell components activities. The Company recognised impairment losses of approximately RMB91,256,000 and RMB39,352,000 for PPE and IA respectively relating to production and sale of fuel cell system, fuel cell components activities.

The Company allocated PPE and IA relating to the production and sale of fuel cell systems and fuel cell components to cash generating units ("**CGUs**") for the purpose of impairment assessment. The Company compares the carrying amount of individual CGU with its value in use, using a discounted cash flow forecast to determine the impairment loss to be recognised.

We focused on auditing the impairment assessment of PPE and IA because the carrying amount of PPE and IA as at December 31, 2025 were significant, and the estimation of recoverable amount of PPE and IA were subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of PPE and IA are considered significant due to the complexity of the model and subjectivity of significant assumptions used. Therefore, we identified impairment assessment of PPE and IA as key audit matters.

Our audit procedures included, among others:

- Obtaining an understanding of the management's internal control and assessment process of recoverable amounts of PPE and IA and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud.
- Evaluating the reasonableness of the significant assumptions of the revenue growth rate applied by management by comparing the key inputs used in management's forecasts with historical and current market information.
- Evaluating the appropriateness of the model that the management used, and the reasonableness of the significant assumptions including the discount rate.

SECTION V FINANCIAL STATEMENTS

KEY AUDIT MATTERS (Continued)

Impairment assessment of property, plant and equipment and intangible assets (Continued)

- Testing the accuracy and relevancy of the underlying data used and the mathematical accuracy of the calculations in the model.
- Assessing the disclosure of the Group's exposure to impairment assessment of PPE and IA in the consolidated financial statements.

Based on our work, we found that the result of management's impairment assessment of PPE and IA were supported by the evidence we obtained.

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit committee is responsible for overseeing the Group's financial reporting process.

SECTION V FINANCIAL STATEMENTS

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

SECTION V FINANCIAL STATEMENTS

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

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

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

Beijing Xinghua Caplegend CPA Limited

Certified Public Accountants

Yeung Chun Wa

Practising Certificate Number P08421

Hong Kong

May 3, 2026

SECTION V FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	258,537	366,671
Cost of sales and services		(203,886)	(364,956)
GROSS PROFIT		54,651	1,715
Other income and gains, net	6	116,006	106,976
Impairment losses of financial assets, net	7	(256,527)	(202,391)
Impairment losses of non-current assets, net	7	(134,719)	(8,171)
Fair value change in financial assets at fair value through profit or loss	7	(5,382)	22,529
Selling and distribution expenses		(59,258)	(58,604)
Research and development expenses		(47,841)	(97,014)
Administrative expenses		(223,992)	(226,697)
OPERATING LOSS		(557,062)	(461,657)
Finance costs	7	(23,014)	(17,807)
Share of results of investments accounted for using the equity method		(56,328)	(48,875)
LOSS BEFORE TAX	7	(636,404)	(528,339)
Income tax expense	8	(73,244)	(8,690)
LOSS FOR THE YEAR		(709,648)	(537,029)
Other comprehensive (loss)/income after tax:			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value changes of financial assets at fair value through other comprehensive income		(157,847)	(37,663)
Income tax impact		14,361	5,649
<i>Items that are or may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		6	(6)
Other comprehensive loss for the year, net of tax		(143,480)	(32,020)
Total comprehensive loss for the year		(853,128)	(569,049)

SECTION V
FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
Loss for the year attributable to:			
Owners of the Company		(618,498)	(451,798)
Non-controlling interests		(91,150)	(85,231)
		(709,648)	(537,029)
Total comprehensive loss for the year attributable to:			
Owners of the Company		(761,978)	(483,818)
Non-controlling interests		(91,150)	(85,231)
		(853,128)	(569,049)
Loss per share attributable to owners of the Company			
Basic (RMB)	11	(2.67)	(1.95)
Diluted (RMB)		(2.67)	(1.95)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction to the accompanying notes. The notes on pages 142 to 149 form part of these financial statements.

SECTION V
FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

	Notes	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	12	396,574	528,213	538,854
Investments accounted for using the equity method	13	274,888	283,799	318,755
Financial assets at fair value through other comprehensive income	14	–	157,847	195,510
Financial assets at fair value through profit or loss	21	4,300	4,097	2,800
Intangible assets	15	214,286	287,103	271,677
Right-of-use assets	16	34,522	56,358	63,507
Prepayments, deposits and other receivables	17	37,328	37,587	44,170
Contract assets	18	15,897	21,735	14,009
Deferred tax assets	28	75,319	125,501	155,403
Total non-current assets		1,053,114	1,502,240	1,604,685
CURRENT ASSETS				
Trade and bill receivables	19	1,104,980	1,564,580	1,703,766
Contract assets	18	1,121	1,249	16,711
Prepayments, deposits and other receivables	17	57,164	68,276	89,829
Inventories	20	95,808	192,963	231,176
Financial assets at fair value through profit or loss	21	715,557	727,426	690,330
Restricted bank deposits	22	1,552	–	2,618
Pledged bank deposits	22	275,446	2,842	14,580
Cash and cash equivalents	22	372,983	719,393	592,026
Total current assets		2,624,611	3,276,729	3,341,036
CURRENT LIABILITIES				
Trade and bills payables	23	599,407	688,887	612,222
Contract liabilities	18	21,958	62,510	6,445
Other payables and accruals	24	258,552	215,171	83,143
Bank and other borrowings	25	442,654	762,628	606,030
Lease liabilities	16	26,513	21,297	14,218
Income tax payable		3,637	4,076	54
Total current liabilities		1,352,721	1,754,569	1,322,112

SECTION V
FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AS AT DECEMBER 31, 2025

	Notes	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
NET CURRENT ASSETS		1,271,890	1,522,160	2,018,924
TOTAL ASSETS LESS CURRENT LIABILITIES		2,325,004	3,024,400	3,623,609
NON-CURRENT LIABILITIES				
Bank and other borrowings	25	–	9,810	–
Other payables	24	–	2,062	5,912
Deferred income	26	104,077	108,418	111,274
Provision	27	46,263	45,448	44,776
Lease liabilities	16	2,178	12,330	21,299
Deferred tax liabilities	28	2,905	2,987	33,204
Total non-current liabilities		155,423	181,055	216,465
Net assets		2,169,581	2,843,345	3,407,144
EQUITY				
Equity attributable to owners of the Company				
Share capital	29	240,532	231,652	165,466
Reserves	30	1,737,798	2,329,382	2,879,386
		1,978,330	2,561,034	3,044,852
Non-controlling interests	31	191,251	282,311	362,292
TOTAL EQUITY		2,169,581	2,843,345	3,407,144

The above consolidated statement of financial position should be read in conjunction to the accompanying notes.

Approved and authorised for issue by the board of directors on May 3, 2026.

Zhang Guoqiang

Director

Song Haiying

Director

SECTION V FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025

	Attributable to owners of the parent									
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Fair value change reserve RMB'000	Statutory reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At January 1, 2024	165,466	3,109,563	126,594	113,392	9,216	-	(479,379)	3,044,852	362,292	3,407,144
Loss for the year	-	-	-	-	-	-	(451,798)	(451,798)	(85,231)	(537,029)
<i>Other comprehensive loss for the year</i>	-	-	-	-	-	-	-	-	-	-
Fair value changes of finance assets at fair value through other comprehensive income	-	-	-	(32,014)	-	-	-	(32,014)	-	(32,014)
Exchange differences on translating foreign operations	-	-	-	-	-	(6)	-	(6)	-	(6)
Total comprehensive loss for the year, net of tax	-	-	-	(32,014)	-	(6)	(451,798)	(483,818)	(85,231)	(569,049)
Transactions with owners in their capacity as owners										
Issuance of bonus shares (Note 29)	66,186	(66,186)	-	-	-	-	-	-	-	-
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	5,250	5,250
At December 31, 2024	231,652	3,043,377	126,594	81,378	9,216	(6)	(931,177)	2,561,034	282,311	2,843,345
At January 1, 2025	231,652	3,043,377	126,594	81,378	9,216	(6)	(931,177)	2,561,034	282,311	2,843,345
Loss for the year	-	-	-	-	-	-	(618,498)	(618,498)	(91,150)	(709,648)
<i>Other comprehensive (loss)/income for the year</i>	-	-	-	-	-	-	-	-	-	-
Fair value changes of finance assets at fair value through other comprehensive income	-	-	-	(143,486)	-	-	-	(143,486)	-	(143,486)
Exchange differences on translating foreign operations	-	-	-	-	-	6	-	6	-	6
Total comprehensive loss for the year	-	-	-	(143,486)	-	6	(618,498)	(761,978)	(91,150)	(853,128)
Transactions with owners in their capacity as owners										
Issuance of new shares (Note 29)	8,880	170,394	-	-	-	-	-	179,274	-	179,274
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	90	90
At December 31, 2025	240,532	3,213,771	126,594	(62,108)	9,216	-	(1,549,675)	1,978,330	191,251	2,169,581

The above consolidated statement of changes in equity should be read in conjunction to the accompanying notes.

SECTION V
FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 RMB'000	2024 RMB'000
Cash flows from operating activities		
Loss before tax	(636,404)	(528,339)
Adjustments for:		
Finance costs	23,014	17,807
Amortisation cost of intangible assets	33,848	32,199
Depreciation charge of property, plant and equipment	73,781	66,100
Depreciation charge of right-of-use assets	17,489	14,517
Impairment losses of financial assets, net		
Trade and bill receivables	255,412	194,250
Other receivable	(2,989)	6,892
Contract assets	4,104	1,249
Impairment losses of non-current assets, net		
Property, plant and equipment	91,256	8,171
Intangible assets	39,352	–
Right-of-use assets	4,111	–
Fair value change in financial assets at fair value through profit or loss	5,382	(22,529)
Loss/(gain) on disposals of property, plant and equipment	123	(914)
Loss on disposal of intangible assets	–	200
(Gain)/loss on early termination of lease	(1,741)	3,198
Deferred government grants released to profit or loss	(34,486)	(49,212)
Share of results of investments accounted for using the equity method	56,328	48,875
Gain/(loss) on deemed disposal of long-term equity investments	(52,617)	80
Interest income	(12,772)	(17,906)
Gain on disposal of a subsidiary	(20,069)	(33,426)
Operating cash flows before working capital changes	(156,878)	(258,788)
Change in trade receivables and other current assets	196,254	3,004
Change in inventories	113,517	51,784
Change in trade payables and other current liabilities	(178,128)	138,354
Cash generated from operations	(25,235)	(65,646)
Government grant	30,145	46,356
Income taxes (paid)/refund	(9,222)	666
Net cash generated from operating activities	(4,312)	(18,624)

SECTION V
FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 RMB'000	2024 RMB'000
Cash flows from investing activities		
Interest received	12,772	2,606
Purchases of non-current assets	(49,304)	(34,532)
Proceeds from disposal of non-current assets	104	8,818
Capital injection of investments for using the equity method	(2,000)	(10,000)
Dividend from investments for using the equity method	7,200	–
Purchases of financial assets at fair value through profit or loss	(223,243)	(18,469)
Proceeds from disposals of financial assets at fair value through profit or loss	216,042	–
Proceeds from disposal of a subsidiary	49,066	31,441
Net cash used in investing activities	10,637	(20,136)
Cash flows from financing activities		
Contribution from non-controlling interests	90	5,250
Deposit from non-controlling interests for subscription	30,000	–
Proceeds from issue of shares	179,274	–
Bank loans and other borrowings raised	423,113	859,995
Repayment of bank loans and other borrowings	(682,991)	(667,567)
Repayment of lease liabilities	(2,958)	(12,456)
Lease interests paid	(704)	(1,436)
Change in pledged deposits for bank borrowings, net	(277,008)	14,779
Change in deposit for bills payables	678	(15,954)
Interest paid	(13,483)	(20,751)
Net cash generated from financing activities	(343,989)	161,860
Net decrease in cash and cash equivalents	(337,664)	123,100
Effect of foreign exchange rate changes, net	(8,746)	4,267
Cash and cash equivalents at January 1	719,393	592,026
Cash and cash equivalents at December 31	372,983	719,393

The above consolidated statement of cash flows should be read in conjunction to the accompanying note.

SECTION V FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Beijing SinoHytec Co., Ltd. (the “**Company**”) is a joint stock limited company established in July 2012. It was jointly established by all shareholders of the former Beijing Sinohytec Limited by the way of full conversion in August 2015. The Company’s unified social credit code is 911101080514468626 and was listed on the Shanghai Stock Exchange (“**SSE**”) STAR Market in August 2020 and Main Board of the Hong Kong Stock Exchange (“**HKEx**”) in January 2023.

The address of the Company’s registered office is Room C701, 7th Floor, Block C, Building B-6, Dongsheng Science Park, Zhongguancun, No. 66, Xixiaokou Road, Haidian District, Beijing.

The Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the production and sale of fuel cell system, fuel cell components and technology development and services in Mainland China.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS (“**IFRSs**”) and related interpretations issued by the International Accounting Standards Board (the “**IASB**”). They are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance (“**CO**”).

Basis of preparation of the financial statements

The consolidated financial statements for the year ended December 31, 2025 comprise the Group and the Group’s interest in associates and joint ventures.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except financial assets which are measured at fair value as set out below.

- Financial assets at fair value through profit or loss
- Financial assets at fair value through other comprehensive income

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

SECTION V FINANCIAL STATEMENTS

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF THE FINANCIAL (Continued)

Basis of preparation of the financial statements (Continued)

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

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

Adoption of IFRSs

Historically, the Company prepared its consolidated financial statements in accordance with Accounting Standards for Business Enterprises (“CAS” or “Previous GAAP”) issued by the Ministry of Finance of the People’s Republic of China. Effective from January 1, 2025, the Company has adopted IFRSs as issued by the IASB as its financial reporting framework. The standards applied comprise:

- International Financial Reporting Standards;
- International Accounting Standards;
- IFRIC Interpretations; and
- SIC Interpretations.

The transition to IFRSs reflects the Company’s commitment to global practices in financial reporting and supports its future development as an internationally integrated organisation.

These consolidated financial statements for the financial year ended December 31, 2025 are the first set of consolidated financial statements of the Group that has been prepared in accordance with IFRSs.

The adoption has been applied retrospectively in accordance with IFRS 1, with the Company’s date of transition to IFRSs being January 1, 2024.

The Group’s consolidated financial statements prepared in accordance with IFRSs and those prepared in accordance with CAS may differ in the classification and presentation of certain line items due to differences in reporting conventions and grouping practices under the two frameworks. Such differences are presentation-related reclassifications only and do not, in themselves, represent measurement or recognition differences between the two sets of accounting standards. As a result of the first time adoption of IFRSs, reconciliations between amounts reported under IFRSs and CAS, together with the relevant adjustments arising from differences between the two sets of accounting standards (“GAAP Adjustments”), are presented below.

SECTION V FINANCIAL STATEMENTS

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF THE FINANCIAL (Continued)

(a) Consolidated Statement of Financial Position at January 1, 2024

	Under CAS RMB'000	Reclassifications (Note i) RMB'000	Under IFRSs RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	524,888	13,966	538,854
Investments accounted for using the equity method	318,755	–	318,755
Financial assets at fair value through other comprehensive income	–	195,510	195,510
Other equity instrument investments	195,510	(195,510)	–
Financial assets at fair value through profit or loss	–	2,800	2,800
Other non-current financial assets	2,800	(2,800)	–
Intangible assets	261,715	9,962	271,677
Development expenses	35,605	(35,605)	–
Right-of-use assets	37,864	25,643	63,507
Prepayments, deposits and other receivables	–	44,170	44,170
Contract assets	–	14,009	14,009
Deferred tax assets	155,403	–	155,403
Long-term deferred expenditures	36,864	(36,864)	–
Other non-current assets	35,281	(35,281)	–
Total non-current assets	1,604,685		1,604,685
CURRENT ASSETS			
Trade and bill receivables	1,703,766	–	1,703,766
Contract assets	16,711	–	16,711
Prepayments, deposits and other receivables	89,829	–	89,829
Inventories	231,176	–	231,176
Financial assets at fair value through profit or loss	–	690,330	690,330
Financial assets held-for-trading	690,330	(690,330)	–
Restricted bank deposits	–	2,618	2,618
Pledged bank deposits	–	14,580	14,580
Cash and cash equivalents	609,224	(17,198)	592,026
Total current assets	3,341,036		3,341,036

SECTION V FINANCIAL STATEMENTS

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF THE FINANCIAL (Continued)

(a) Consolidated Statement of Financial Position at January 1, 2024 (Continued)

	Under CAS RMB'000	Reclassifications (Note i) RMB'000	Under IFRSs RMB'000
CURRENT LIABILITIES			
Trade and bills payables	612,222	–	612,222
Contract liabilities	6,445	–	6,445
Other payables and accruals	69,644	13,499	83,143
Bank and other borrowings	586,612	19,418	606,030
Lease liabilities	–	14,218	14,218
Taxes payable	2,935	(2,935)	–
Income tax payable	–	54	54
Non-current liabilities due within one year	37,746	(37,746)	–
Other current liabilities	6,508	(6,508)	–
Total current liabilities	1,322,112		1,322,112
NET CURRENT ASSETS	2,018,924		2,018,924
TOTAL ASSETS LESS CURRENT LIABILITIES	3,623,609		3,623,609
NON-CURRENT LIABILITIES			
Other payables	5,912	–	5,912
Deferred income	111,274	–	111,274
Provision	44,776	–	44,776
Lease liabilities	21,299	–	21,299
Deferred tax liabilities	33,204	–	33,204
Total non-current liabilities	216,465		216,465
NET ASSETS	3,407,144		3,407,144
EQUITY			
Equity attributable to owners of the Company			
Share capital	165,466	–	165,466
Reserves	2,879,386	–	2,879,386
	3,044,852		3,044,852
Non-controlling interests	362,292	–	362,292
TOTAL EQUITY	3,407,144		3,407,144

SECTION V FINANCIAL STATEMENTS

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF THE FINANCIAL (Continued)

(b) Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2024

	Notes	Under CAS RMB'000	Reclassifications (Note i) RMB'000	GAAP adjustments RMB'000	Under IFRSs RMB'000
REVENUE		366,671	-	-	366,671
Cost of sales and services		(320,955)	(44,001)	-	(364,956)
GROSS PROFIT		45,716			1,715
Other income and gains, net	(ii)	51,772	55,284	(80)	106,976
Impairment losses of financial assets, net		(201,142)	(1,249)	-	(202,391)
Impairment losses of non-current assets, net		(70,171)	62,000	-	(8,171)
Fair value change in financial assets at fair value through profit or loss		19,923	2,606	-	22,529
Selling and distribution expenses		(58,604)	-	-	(58,604)
Research and development expenses		(97,014)	-	-	(97,014)
Administrative expenses	(iii)	(224,690)	(5,322)	3,315	(226,697)
Tax and surcharges		(3,243)	3,243	-	-
Investment income		6,148	(6,148)	-	-
Gains from asset disposal		713	(713)	-	-
OPERATING LOSS		(530,592)			(461,657)
Finance costs		(1,982)	(15,825)	-	(17,807)
Share of results of investments accounted for using the equity method		-	(48,875)	-	(48,875)
Non-operating income		3,060	(3,060)	-	-
Non-operating expenses		(2,060)	2,060	-	-
LOSS BEFORE TAX		(531,574)			(528,339)
Income tax expense		(8,690)	-	-	(8,690)
LOSS FOR THE YEAR		(540,264)			(537,029)
Other comprehensive loss after tax:					
<i>Items that will not be reclassified to profit or loss:</i>					
Fair value changes of financial assets at fair value through other comprehensive income		(37,663)	-	-	(37,663)
Income tax impact		5,649	-	-	5,649
<i>Items that are or may be reclassified to profit or loss:</i>					
Exchange differences on translating foreign operations		(6)	-	-	(6)
Other comprehensive loss for the year, net of tax		(32,020)			(32,020)
Total comprehensive loss for the year		(572,284)			(569,049)
Loss for the year attributable to:					
Owners of the Company	(ii),(iii)	(456,433)	-	4,635	(451,798)
Non-controlling interests	(ii),(iii)	(83,831)	-	(1,400)	(85,231)
		(540,264)			(537,029)
Total comprehensive loss for the year attributable to:					
Owners of the Company	(ii),(iii)	(488,453)	-	4,635	(483,818)
Non-controlling interests	(ii),(iii)	(83,831)	-	(1,400)	(85,231)
		(572,284)			(569,049)

SECTION V FINANCIAL STATEMENTS

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF THE FINANCIAL (Continued)

(c) Consolidated Statement of Financial Position at December 31, 2024

	Under CAS RMB'000	Reclassifications (Note i) RMB'000	Under IFRSs RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	512,111	16,102	528,213
Investments accounted for using the equity method	283,799	–	283,799
Financial assets at fair value through other comprehensive income	–	157,847	157,847
Other equity instrument investments	157,847	(157,847)	–
Financial assets at fair value through profit or loss	–	4,097	4,097
Other non-current financial assets	4,097	(4,097)	–
Intangible assets	262,424	24,679	287,103
Development expenses	49,753	(49,753)	–
Right-of-use assets	31,284	25,074	56,358
Prepayments, deposits and other receivables	–	37,587	37,587
Contract assets	–	21,735	21,735
Deferred tax assets	125,501	–	125,501
Long-term deferred expenditures	32,384	(32,384)	–
Other non-current assets	43,040	(43,040)	–
Total non-current assets	1,502,240		1,502,240
CURRENT ASSETS			
Trade and bill receivables	1,564,580	–	1,564,580
Contract assets	1,249	–	1,249
Prepayments, deposits and other receivables	68,276	–	68,276
Inventories	192,963	–	192,963
Financial assets at fair value through profit or loss	–	727,426	727,426
Financial assets held-for-trading	727,426	(727,426)	–
Pledged bank deposits	–	2,842	2,842
Cash and cash equivalents	722,235	(2,842)	719,393
Total current assets	3,276,729		3,276,729

SECTION V FINANCIAL STATEMENTS

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF THE FINANCIAL (Continued)

(c) Consolidated Statement of Financial Position at December 31, 2024 (Continued)

	Under CAS RMB'000	Reclassifications (Note i) RMB'000	Under IFRSs RMB'000
CURRENT LIABILITIES			
Trade and bills payables	688,887	–	688,887
Contract liabilities	62,510	–	62,510
Other payables and accruals	196,692	18,479	215,171
Bank and other borrowings	762,428	200	762,628
Lease liabilities	–	21,297	21,297
Taxes payable	6,743	(6,743)	–
Income tax payable	–	4,076	4,076
Non-current liabilities due within one year	26,456	(26,456)	–
Other current liabilities	10,853	(10,853)	–
Total current liabilities	1,754,569		1,754,569
NET CURRENT ASSETS	1,522,160		1,522,160
TOTAL ASSETS LESS CURRENT LIABILITIES	3,024,400		3,024,400
NON-CURRENT LIABILITIES			
Bank and other borrowings	9,810	–	9,810
Other payables	2,062	–	2,062
Deferred income	108,418	–	108,418
Provision	45,448	–	45,448
Lease liabilities	12,330	–	12,330
Deferred tax liabilities	2,987	–	2,987
Total non-current liabilities	181,055		181,055
NET ASSETS	2,843,345		2,843,345
EQUITY			
Equity attributable to owners of the Company			
Share capital	231,652	–	231,652
Reserves	2,329,382	–	2,329,382
	2,561,034		2,561,034
Non-controlling interests	282,311	–	282,311
TOTAL EQUITY	2,843,345		2,843,345

SECTION V FINANCIAL STATEMENTS

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF THE FINANCIAL (Continued)

(d) Consolidated Statement of Changes in Equity

	Notes	December 31, 2024 RMB'000	January 1, 2024 RMB'000
Equity as reported under CAS		2,843,345	3,407,144
IFRSs adjustment:			
Capital reserve			
– Deemed disposal of long-term equity investments	(ii)	(2,148)	(770)
Special reserve			
– Provision for safety production fee	(iii)	(2,487)	(7,708)
Retained earnings			
– Deemed disposal of long-term equity investments	(ii)	(80)	770
– Provision for safety production fee	(iii)	3,315	7,708
Non-controlling interests			
– Deemed disposal of long-term equity investments	(ii)	2,228	–
– Provision for safety production fee	(iii)	(828)	–
Equity as reported under IFRSs		2,843,345	3,407,144

- (i) Certain differences between the amounts presented under IFRSs and CAS relate solely to classification and presentation. These mainly include regrouping of financial assets into IFRS categories, separate presentation of right-of-use assets and lease liabilities, reclassification of land use rights, development costs, contract assets, income tax balances, restricted and pledged bank deposits, and regrouping of certain income and expense items in the statement of profit or loss. These items represent presentational or line-item mapping differences only and do not affect total assets, total liabilities, total equity, profit for the year or total comprehensive income.
- (ii) Under CAS, where the Group's ownership interest in an investee accounted for using the equity method is diluted as a result of the investee issuing additional shares, but the Group retains significant influence or joint control, the resulting effect is recognised in equity. Under IFRSs, such dilution is accounted for as a deemed partial disposal of the investment, and the resulting gain or loss is recognised in profit or loss.
- (iii) Under CAS, in accordance with the relevant PRC regulations, the Group appropriates amounts to a special reserve within equity for simple production maintenance, safety production and other related expenditures. When the relevant expenditures are incurred, they are accounted for in accordance with the applicable CAS requirements. Under IFRSs, no corresponding special reserve is recognised, and the related expenditures are recognised in profit or loss when incurred unless they qualify for capitalisation under the relevant IFRSs requirements.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF THE FINANCIAL
(Continued)

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The company has consistently applied the accounting policies used in the preparation of its opening IFRSs statement of financial position at January 1, 2024 throughout all periods presented, as if these policies had always been in effect.

New and amended standards and interpretations not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for December 31, 2025 reporting periods and have not been early adopted by the Group.

	Effective for
Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7, Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial instruments: Disclosures – Contracts referencing Nature-dependent Electricity	January 1, 2026
IFRS 18, Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to IAS 21, Translation to a Hyperinflationary Presentation Currency	January 1, 2027
Amendments to IFRS 10 and IAS 28, Sale or contribution of assets between an investor and its associate or joint venture	To be determined

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated statements of profit or loss and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. The Group expects to apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with IFRS 18.

Except for the abovementioned changes in presentation and disclosure, these pronouncements are not expected to have a material impact on the results or the financial position of the Group.

SECTION V FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES

a. Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the group can elect to measure any non-controlling interests (“**NCI**”) either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the company. NCI in the results of the group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the company.

Changes in the group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 3(g)).

3. MATERIAL ACCOUNTING POLICIES (Continued)

b. Associates and joint ventures

An associate is an entity in which the group or the company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the group or the company has joint control, whereby the group or the company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method. They are initially recognised at cost, which includes transaction costs.

Subsequently, the consolidated financial statements include the group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence or joint control ceases.

When the group's share of losses exceeds its interest in the associate or the joint venture, the group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the group's net investment in the associate or the joint venture, after applying the ECL model to such other long-term interests where applicable (see note 3(g)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see note 3(g)).

SECTION V FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (Continued)

c. Other investments in securities

The group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the group determines fair value of financial instruments, see note 38. These investments are subsequently accounted for as follows, depending on their classification.

- (i) Non-equity investments are classified into one of the following measurement categories:
Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 3(s)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

- (ii) Equity investments
An investment in equity securities is classified as Financial assets at fair value through profit or loss ("**FVPL**"), unless the investment is not held for trading purposes and on initial recognition the group makes an irrevocable election to designate the investment at Financial assets at fair value through other comprehensive income ("**FVOCI**") (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see note 3(q)).

3. MATERIAL ACCOUNTING POLICIES (Continued)

d. Property, plant and equipment

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

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

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Category	Estimated useful lives	Estimated residual values
Buildings	20-30 years	5%
Leasehold improvements	Over the shorter of terms of the leases terms and 10 years	N/A
Specialized equipment	5-10 years	5%
Electronic equipment	5 years	5%
Office equipment and others	5 years	5%
Transportation equipment	5 years	5%
Mold	Units of production method	N/A

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Construction in progress represents buildings, plant and machinery under construction or pending installation, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

SECTION V FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (Continued)

e. Intangible assets (other than goodwill)

Other intangible assets, including patents and trademarks, that are acquired by the group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 3(g)).

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The principal estimated useful lives of intangible assets are as follows:

Category	Estimated useful life
Patent rights/non-patented technologies	10 years
Copyrights	10 years
Software	3-10 years

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Internally-generated intangible assets – research and development expenditure

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (Continued)

e. Intangible assets (other than goodwill) (Continued)

Internally-generated intangible assets – research and development expenditure (Continued)

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

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

f. Leased assets

At inception of a contract, the group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component and non-lease component, the group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the group enters into a lease in respect of a low-value item, the group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 3(g)).

SECTION V FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (Continued)

f. Leased assets (Continued)

(i) As a lessee (Continued)

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost. Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

3. MATERIAL ACCOUNTING POLICIES (Continued)

g. Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The group recognises a loss allowance for expected credit losses (“**ECLs**”) on:

- financial assets measured at amortised cost (including cash and cash equivalents, pledged deposit, restricted bank deposits, trade and bill receivables and other receivables); and
- contract assets (see note 3(i)).

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

SECTION V FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (Continued)

g. Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and contract assets (Continued)

General approach (Continued)

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

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

Simplified approach

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

(ii) Impairment of other non-current assets

At each reporting date, the group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. MATERIAL ACCOUNTING POLICIES (Continued)

h. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories is generally calculated using the weighted average cost formula. However, for inventories specifically assigned to individual projects, cost is determined using the specific identification method. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

i. Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

Contract asset is recognised when the customers retain retention money to secure the due performance of the contracts (e.g., warranty retention money for fuel cell systems). Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional and is invoiced to the customer. Contract assets are assessed for expected credit losses (ECLs) in accordance with the policy set out in Note 3(g)(i).

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. For example, short-term advances received from customers prior to the delivery of fuel cell systems or the provision of technology development services are recognised as contract liabilities.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

j. Trade and other receivables

A receivable is recognised when the group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 3(n)(i)).

k. Cash and cash equivalents

Cash and bank balances comprise cash on hand, cash at bank, restricted bank deposits and pledged bank deposits. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits with banks that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Restricted bank deposits and pledged bank deposits are excluded from cash and cash equivalents. Cash and bank balances are assessed for expected credit losses (ECLs) (see note 3(g)(ii)).

SECTION V FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (Continued)

l. Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

m. Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method.

n. Employee benefits

(i) Pension obligation

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

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

(ii) Housing funds, medical insurances and other social insurances

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

(iii) Termination benefits

Termination benefits are recognised as a liability and an expense at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring that involves the payment of termination benefits.

3. MATERIAL ACCOUNTING POLICIES (Continued)

o. Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

SECTION V FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (Continued)

p. Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Warranties

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

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

q. Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

The Group is the principal for its revenue from contracts with customers and recognises revenue on a gross basis. In determine whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products or services before they are transferred to the customers. Controls refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products or services.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for a significant financing component or the time value of money.

3. MATERIAL ACCOUNTING POLICIES (Continued)

q. Revenue and other income (Continued)

(i) Revenue from contracts with customers (Continued)

(a) Sale of goods

The Group sells fuel cell systems and fuel cell components directly to customers in accordance with the contracts entered with the customers. Revenue is recognized when control of the products has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the products have been accepted by the customer. The normal credit term is within 90 days effective from the date when the goods are accepted by the customers. When the customer pays in advance for the orders, the transaction price received by the Group is recognized as a contract liability until the goods have been delivered to the customer.

(b) Provision of technology development services

The Group recognizes revenue from the services rendered for development of fuel cell systems at a point in time when the relevant services are completed and acknowledged for receipt by the customers. For certain service contracts where the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, revenue is recognised over time based on the progress towards complete satisfaction of the performance obligation.

(c) Others

The Group recognizes revenue from the sales of hydrogen to the customers when control of the products has transferred to the customer, being at the point the goods are delivered to the customers. The Group also recognizes revenue from the services rendered for the installation of fuel cell systems at a point in time when the relevant services are rendered.

(ii) Revenue from other sources

(a) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset.

(b) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the group will comply with the conditions attaching to them.

Grants that compensate the group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognised as deferred income and subsequently recognised in profit or loss on a systematic basis over the useful life of the asset.

SECTION V FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (Continued)

r. Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Renminbi at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Renminbi at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

s. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

3. MATERIAL ACCOUNTING POLICIES (Continued)

t. Related parties

A related party is a person or entity that is related to the Group.

- (A) A person, or a close member of that person's family, is related to the group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (B) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (A).
 - (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

u. Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

SECTION V FINANCIAL STATEMENTS

4. ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

(i) Timing of revenue recognition

Revenue is recognised when the goods or services are delivered or delivered to the location specified by the customer in accordance with the contractual agreement, the customer accepts the products and confirms acceptance, the Group ceases to exercise management and control over the goods or services, and the customer obtains control over the related goods or services.

(b) Sources of estimation uncertainty

Key sources of estimation uncertainty are as follows:

(a) Provision for expected credit losses on trade and bill receivable, deposits and other receivables, and contract assets

As described in note 3(g), the Group uses the expected credit loss ("ECL") model to assess the impairment of financial instruments, including trade and bill receivable, deposits and other receivables, and contract assets. The measurement of ECL requires the application of significant judgement and estimation, taking into account all reasonable and supportable information, including forward-looking macroeconomic information. The Group infers the expected changes in the debtors' credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks and other factors. Where the actual result is different from the original estimate, such difference will impact the carrying value of the receivables and contract assets and the impairment loss in the period in which such estimate has been changed.

(b) Impairment of non-current assets (other than goodwill)

As described in note 3(e), the Group assesses whether there are any indicators of impairment for all tangible and intangible assets at the end of each reporting period. Assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows.

SECTION V FINANCIAL STATEMENTS

4. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(b) Sources of estimation uncertainty (Continued)

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions. The Group will reassess the estimates by the end of each reporting period.

(d) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets was approximately RMB75,319,000 (2024: RMB125,501,000) as at December 31, 2025. The amount of unrecognised tax losses at December 31, 2025 was approximately RMB975,295,000 (2024: RMB506,127,000). Further details are contained in note 28 to the consolidated financial statements.

5. REVENUE AND SEGMENT REPORTING

(a) The principal activities of the group are production and sale of fuel cell system, fuel cell components and technology development and services. Further details regarding the group's principal activities are disclosed in note 3(q).

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
– Production and sales of fuel cell systems	121,960	272,660
– Production and sales of fuel cell components	6,940	35,004
– Provision of technology development services	120,039	51,031
– Others	9,598	7,976
	258,537	366,671
Timing of revenue recognition		
At a point in time	257,296	365,605
Over time	1,241	1,066
	258,537	366,671

SECTION V FINANCIAL STATEMENTS

5. REVENUE AND SEGMENT REPORTING (Continued)

(ii) Segment information

The operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker (“**CODM**”). The Group’s management reviews the performance of the Group as a single operating segment based on the internal organization structure, management requirements and internal reporting system. No separate analysis of the segment results by reportable segment is necessary.

(iii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

Transaction price allocated to the remaining performance obligations for contracts with customers

As at December 31, 2025, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately RMB96,155,000 (2024: RMB57,420,000). The amount represents revenue expected to be recognised in the future from technology development services.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31, are as follows:

	2025 RMB'000	2024 RMB'000
Amounts expected to be recognised as revenue		
Within one year	92,201	54,679
After one year	3,954	2,741
Total	96,155	57,420

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognized as revenue after one year relate to technology development services, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to performance obligations are expected to be recognized as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

(iv) Information about geographical area

Substantially of the Group’s revenue and profit for each of the reporting period were derived from the PRC sales and all principal assets employed by the Group are located in the PRC at the end of each reporting period.

SECTION V FINANCIAL STATEMENTS

5. REVENUE AND SEGMENT REPORTING (Continued)

(v) Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group are as follows:

	2025 RMB'000	2024 RMB'000
Customer A	94,340	N/A
Customer B	47,168	119,977
Customer C	N/A	94,344
Customer D	N/A	40,940

N/A: Revenue from the relevant customer was less than 10% of the Group total revenue for the reporting period

6. OTHER INCOME AND GAINS, NET

	2025 RMB'000	2024 RMB'000
Bank interest income	12,772	17,906
Government grants (note)	34,486	49,212
(Loss)/gain on disposals of property, plant and equipment	(123)	914
Loss on disposals of intangible assets	–	(200)
Gain on disposal of a subsidiary (note 32)	20,069	33,426
Gain/(loss) on deemed disposal of investments accounted for using the equity method	52,617	(80)
Gain/(loss) on early termination of lease	1,741	(3,198)
Others	(5,556)	8,996
	116,006	106,976

Note:

Government grants representing operating subsidies and various industry-specific subsidies granted by the government authorities to reward the Group's effort for technological innovation with no future related costs to be incurred. There are no unfulfilled conditions relating to such government subsidies recognized.

SECTION V FINANCIAL STATEMENTS

7. LOSS BEFORE TAX

The Group's loss for the year is stated after charging/(crediting) the following:

	2025 RMB'000	2024 RMB'000
(a) Finance costs		
Interest on bank loans and other borrowings	13,483	20,751
Foreign exchange loss/(gain)	8,827	(4,380)
Interests expenses on lease liabilities	704	1,436
	23,014	17,807
(b) Staff costs including directors' emoluments		
Wages and salaries	165,131	235,869
Contributions to defined contribution retirement plan	20,398	28,426
Other welfare	9,777	10,017
	195,306	274,312
(c) Other items		
Auditor's remuneration		
– Audit services	1,400	1,300
– Non-audit services	150	200
Amortisation cost of intangible assets (note 15)	33,848	32,199
Depreciation charge of property, plant and equipment (note 12)	73,781	66,100
Depreciation charge of right-of-use assets (note 16)	17,489	14,517
Impairment losses of financial assets, net		
– Trade and bill receivables	255,412	194,250
– Other receivable	(2,989)	6,892
– Contract assets	4,104	1,249
	256,527	202,391
Impairment losses of non-current assets, net		
– Property, plant and equipment	91,256	8,171
– Intangible assets	39,352	–
– Right-of-use assets	4,111	–
	134,719	8,171
Fair value change in financial assets at fair value through profit or loss	5,382	(22,529)

SECTION V FINANCIAL STATEMENTS

8. INCOME TAX EXPENSE

	2025 RMB'000	2024 RMB'000
Current Mainland China corporate income tax		
Provision for the year	10,013	2,622
Over/(under)-provision in prior years	(1,230)	734
Deferred tax (note 28)	64,461	5,334
	73,244	8,690

According to the Corporate Income Tax Law of the People's Republic of China, the income tax rate for Mainland China subsidiaries is 25% (2024: 25%).

The Company and certain subsidiaries are registered as High and New Technology Enterprises ("HNTÉ"). Accordingly, they are entitled to a concessionary Enterprise Income Tax ("EIT") rate of 15% for a continuous period of 3 years. The certificates of the Company and these subsidiaries are subject to renewal every 3 years. For the year ended December 31, 2025, the Company and these subsidiaries were still entitled to a concessionary EIT rate of 15% (2024: 15%) as their HNTÉ certificates remained valid.

Reconciliation between tax expense and accounting loss at the applicable tax rate:

	2025 RMB'000	2024 RMB'000
Loss before tax	(636,404)	(528,339)
Tax at the statutory tax rate of 25%	(159,101)	(132,085)
Effects of tax holiday and preferential tax benefits on assessable profits of subsidiaries incorporated in the PRC	21,515	40,239
Over/(under) provision of taxation in previous year	1,230	(734)
Tax effect of non-deductible expenses	27,880	1,820
Tax effect of temporary difference not recognized	127,140	109,120
Tax effect of utilisation of tax loss	60,029	-
Tax effect of additional tax deduction for eligible research and development expenses	(5,449)	(9,670)
Income tax expenses	73,244	8,690

SECTION V FINANCIAL STATEMENTS

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The emoluments of each director were as follows:

	2025				Total RMB'000
	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonuses RMB'000	Pension scheme contributions RMB'000	
Executive Directors					
Mr. Zhang Guoqiang	-	726	450	144	1,320
Ms. Song Haiying	-	566	440	144	1,150
Ms. Dai Dongzhe	-	566	252	144	962
Ms. Zhang Hongli (i)	-	626	48	72	746
	-	2,484	1,190	504	4,178
Non-executive Directors					
Ms. Teng Renjie (ii)	-	-	-	-	-
Mr. Song Feng	-	-	-	-	-
	-	-	-	-	-
Independent Non-executive Directors					
Mr. Li Zhijie	-	120	-	-	120
Mr. Liu Xiaoshi (ii)	-	60	-	-	60
Mr. Ji Xuehong	-	120	-	-	120
Mr. Chan So Kuen	-	120	-	-	120
	-	420	-	-	420
Supervisors					
Mr. Teng Zhaojun (ii)	-	117	-	61	178
Mr. Liu Wei (ii)	-	165	-	64	229
Ms. Wang Shanshan (ii)	-	-	-	-	-
	-	282	-	125	407
	-	3,186	1,190	629	5,005

SECTION V FINANCIAL STATEMENTS

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

	2024				Total RMB'000
	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonuses RMB'000	Pension scheme contributions RMB'000	
Executive Directors					
Mr. Zhang Guoqiang	-	600	576	140	1,316
Ms. Song Haiying	-	468	538	140	1,146
Ms. Dai Dongzhe	-	468	398	140	1,006
	-	1,536	1,512	420	3,468
Non-executive Directors					
Ms. Teng Renjie	-	-	-	-	-
Mr. Song Feng	-	-	-	-	-
	-	-	-	-	-
Independent Non-executive Directors					
Mr. Li Zhijie	-	120	-	-	120
Mr. Liu Xiaoshi	-	120	-	-	120
Mr. Ji Xuehong	-	120	-	-	120
Mr. Chan So Kuen	-	120	-	-	120
	-	480	-	-	480
Supervisors					
Mr. Teng Zhaojun	-	274	139	139	552
Mr. Liu Wei (iii)	-	165	18	134	317
Ms. Wang Shanshan	-	-	-	-	-
	-	439	157	273	869
	-	2,455	1,669	693	4,817

Notes:

- (i) Appointed on 20 June 2025 as Employee Representative Director.
- (ii) Resigned on 20 June 2025.
- (iii) Appointed on 28 June 2024.

No emoluments were paid by the Group to any directors or any of the highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group (2024: Nil).

None of the directors received any retirement benefits during the years ended December 31, 2025 and 2024.

None of the directors received any termination benefits during the years ended December 31, 2025 and 2024.

During the years ended December 31, 2025 and 2024, no consideration was paid by the Company to any third parties for making available of directors' services.

During the years ended December 31, 2025 and 2024, there are no loans, quasi-loans and other dealing arrangements in favour of directors, bodies corporate controlled by and any entities connected with such directors.

SECTION V FINANCIAL STATEMENTS

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director has a material interest, whether directly or indirectly, subsisted at the end of December 31, 2025 and 2024 or at any time during the years ended December 31, 2025 and 2024.

The five highest paid individuals in the Group during the year included three (2024: 2) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining two (2024: 3) individuals for the year ended December 31, 2025 are set out below:

	2025 RMB'000	2024 RMB'000
Salaries, bonuses, allowances and other benefits	1,932	3,227
Retirement, medical, housing and other benefit expenses	204	421
	2,136	3,648

The emoluments fell within the following band:

	Number of individuals	
	2025	2024
HK\$1,000,001 to HK\$1,500,000	2	3

10. DIVIDENDS

No dividend was paid or proposed during the year ended December 31, 2025, nor has any dividend been proposed since the end of the reporting period (2024: Nil).

11. LOSS PER SHARE

Basic loss per ordinary share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2025 RMB'000	2024 RMB'000
Loss for the year attributable to owners of the Company used in the basic loss per share calculation	(618,498)	(451,798)
Number of shares:		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation*	231,871,040	231,193,563

* The weighted average number of ordinary shares in issue during the year 2024 used in the basic loss per share calculation was adjusted for bonus elements in ordinary shares issued during the year 2024.

Diluted loss per ordinary share for the years ended December 31, 2025 and 2024 equal to basic loss per ordinary share as there were no potentially dilutive ordinary shares as at both years end.

SECTION V FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Office					Construction in progress RMB'000	Total RMB'000
			Specialized equipment RMB'000	Electronic equipment RMB'000	Office equipment and others RMB'000	Transportation equipment RMB'000	Mold RMB'000		
Cost									
At January 1, 2024	279,450	19,237	335,778	16,716	16,845	2,882	26,141	21,651	718,700
Additions	-	7,684	37,446	952	10,532	431	2,737	17,469	77,251
Additions resulting from the completion of equipment developed for own use under research and development projects	-	-	3,828	-	-	-	-	-	3,828
Transfers	-	-	23,916	-	199	-	-	(24,115)	-
Disposals and written off	(2,284)	-	(20,644)	(2,138)	(1,381)	(56)	(4)	-	(26,507)
Disposal of a subsidiary (note 32)	-	-	-	(17)	-	-	-	-	(17)
At December 31, 2024 and January 1, 2025	277,166	26,921	380,324	15,513	26,195	3,257	28,874	15,005	773,255
Additions	-	929	6,621	190	62	380	874	18,800	27,856
Additions resulting from the completion of equipment developed for own use under research and development projects	-	-	11,589	-	-	-	-	-	11,589
Transfers	298	-	18,318	401	-	673	-	(19,690)	-
Disposals and written off	-	-	(18,903)	(673)	(6,194)	(33)	(608)	-	(26,411)
At December 31, 2025	277,464	27,850	397,949	15,431	20,063	4,277	29,140	14,115	786,289

SECTION V FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings RMB'000	Leasehold improvements RMB'000	Specialized equipment RMB'000	Electronic equipment RMB'000	Office		Mold RMB'000	Construction in progress RMB'000	Total RMB'000
					equipment and others RMB'000	Transportation equipment RMB'000			
Accumulated depreciation and impairment									
At January 1, 2024	37,599	5,271	106,151	9,620	7,627	11,623	-	179,846	
Charge for the year	8,090	5,548	46,714	2,191	2,533	736	-	66,100	
Disposals and Written off	(312)	-	(6,044)	(1,982)	(727)	-	-	(9,065)	
Impairment loss	-	-	8,171	-	-	-	-	8,171	
Disposal of a subsidiary (note 32)	-	-	-	(10)	-	-	-	(10)	
At December 31, 2024 and January 1, 2025	45,377	10,819	154,992	9,819	9,433	12,359	-	245,042	
Charge for the year	9,807	6,570	49,089	1,845	5,943	149	-	73,781	
Disposals and written off	-	-	(17,403)	(447)	(2,315)	(167)	-	(20,364)	
Impairment loss	35,207	2,099	40,849	721	1,348	3,413	7,346	91,256	
At December 31, 2025	90,391	19,488	227,527	11,938	14,409	15,754	7,346	389,715	
Carrying amount									
At December 31, 2025	187,073	8,362	170,422	3,493	5,654	13,386	6,769	396,574	
At December 31, 2024	231,789	16,102	225,332	5,694	16,762	16,515	15,005	528,213	
At January 1, 2024	241,851	13,966	229,627	7,096	9,218	14,518	21,651	538,854	

Note:

The Group was applying for the certificates of ownership for certain buildings with a net book value of approximately RMB16,081,000 (2024: RMB19,072,000) as at December 31, 2025. The directors of the Company are of the opinion that the use of and the conduct of operating activities at the properties referred to above are not affected by the fact the Group had not yet obtained the relevant property title certificates.

SECTION V FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

At December 31, 2025, the carrying amount of property, plant and equipment pledged as security for the Group's bank loans amounted to approximately RMB166,312,000 (2024: RMB16,137,000)(Note 25).

The Group leases out a portion of a building and certain equipment to an associate of the Company and certain independent third parties under operating leases. The carrying amounts of the leased assets are approximately RMB3,448,000 for the building (2024: RMB3,656,000) and RMB1,369,000 for the equipment (2024: RMB5,836,000). The lease terms are at the range of 1 to 2 years. The leases are on a fixed rental basis and do not include variable lease payments. For the year ended December 31, 2025, the Group recognised a rental income of approximately RMB1,149,000 (2024: 1,561,000) relating to the abovementioned lease agreement, in which RMB906,000 (2024: RMB695,000) of the sum was related to the associate of the Company.

The Group's future undiscounted lease payments under operating leases are receivable as follows:

	December 31, 2025 RMB'000	December 31, 2024 RMB'000
Less than one year	32	–

SECTION V FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Impairment of property, plant and equipment

In light of the unexpected lower capacity generated from the Group during the year ended December 31, 2024, The specialized equipment which have been identified with indicators of impairment as at December 31, 2024, were reviewed for impairment based on the individual specialized equipment level. The recoverable amount of each CGU to which these assets were allocated was determined based on value-in-use (“VIU”) calculations.

As of December 31, 2024, the carrying amount before impairment loss of the property, plant and equipment related to the fuel cell system business was approximately RMB233,503,000. Based on the results of the impairment test, the recoverable amount of the asset group was determined to be approximately RMB225,332,000, which is lower than its carrying amount. Consequently, an impairment loss of approximately RMB8,171,000 has been recognized for the current year.

In light of the unexpected market conditions and deteriorating performance of the Group during the year ended December 31, 2025, property, plant and equipment, intangible assets and right-of-use assets included in certain cash-generating units (“CGUs”) in production and sale of fuel cell system and fuel cell components activities, which have been identified with indicators of impairment as at December 31, 2025, were reviewed for impairment based on the individual CGUs level. These assets have been allocated to the individual CGUs. The recoverable amount of each CGU to which these assets were allocated was determined based on value-in-use (“VIU”) calculations.

As of December 31, 2025, the carrying amount before impairment loss of the property, plant and equipment related to the fuel cell system business was approximately RMB487,830,000. Based on the results of the impairment test, the recoverable amount of the asset group was determined to be approximately RMB396,574,000, which is lower than its carrying amount. Consequently, an impairment loss of approximately RMB91,256,000 has been recognized for the current year.

Key Assumption	2025	2024
Budgeted period	5 years	5 years
Revenue growth rate	36%	56%
Terminal growth rate	2.5%	2.5%
Pre-tax discount rate	10.87% to 11.40%	14.38% to 15.07%

Impairment provision of approximately RMB91,256,000 (2024: RMB8,171,000) have been charged to the consolidated statements of profit or loss for the year ended December 31, 2025.

SECTION V FINANCIAL STATEMENTS

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Set out below are associates and a joint venture of the Group as at December 31, 2025 and January 1, 2024. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

Details of the principal investments in an associate and a joint venture as at December 31, 2025 and January 1, 2024 are as follows:

Name	Notes	Place of incorporation/ registration and operation	% of ownership interest				Carrying amount			
			December 31, 2025 %	December 31, 2024 %	January 1, 2024 %	Nature of the relationship	Measurement Method	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
Toyota Sinohytec Fuel Cell Co., Ltd.	1,4	Mainland China	35	50	50	Associate	Equity method	47,463	67,016	90,738
Shaanxi Huasheng Weipu Technology Co., Ltd.	2	Mainland China	25	25	25	Associate	Equity method	182	-	-
Air Sinohytec Hydrogen Technology Co., Ltd.	2	Mainland China	35	35	35	Associate	Equity method	6,407	10,128	20,153
United Fuel Cell System R&D (Beijing) Co., Ltd.	1,7	Mainland China	15	15	15	Associate	Equity method	15,872	14,165	12,317
Shanghai Maxxim Fuel Cell Technology Co., Ltd.	2,7	Mainland China	14.02	15.48	15.49	Associate	Equity method	6,254	9,852	12,559
Beijing Swift New Energy Technology Co., Ltd.	2	Mainland China	25.25	25.25	25.25	Associate	Equity method	2,693	5,261	7,722
Beijing Shuimu Pilot Venture Capital Center	3,7	Mainland China	7.38	7.38	7.38	Associate	Equity method	117,297	117,895	105,227
Beijing Caven New Energy Automobile Co., Ltd.	2,5,7	Mainland China	3.8	9.3	9.3	Associate	Equity method	49,179	29,057	38,282
Xinjiang Zhaolian Qingtong Energy Technology Co., Ltd.	2	Mainland China	35	35	N/A	Associate	Equity method	10,016	8,279	-
Shanghai Kuitong Technology Co., Ltd. (上海葵通科技有限公司)	2,6	Mainland China	40	40	100	Associate	Equity method	2,957	3,113	-
Zhangjiakou Jiaotou Hydrogen New Energy Technology Co., Ltd.	2,7	Mainland China	18	18	18	Associate	Equity method	8,371	8,568	9,386
Zhangjiakou Haiper New Energy Technology Co., Ltd.	2	Mainland China	26.22	26.22	26.22	Associate	Equity method	8,197	10,465	22,371
								274,888	283,799	318,755

SECTION V FINANCIAL STATEMENTS

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

	2025 RMB'000	2024 RMB'000
At beginning of year	283,799	318,755
Share of loss of investments accounted for using the equity method	(56,328)	(32,125)
Impairment of Associate	–	(16,750)
Dividend from associate	(7,200)	–
Deemed disposal	52,617	(80)
Capital Contributions	2,000	13,999
At end of year	274,888	283,799

Note 1: The principal activities of these companies are the development of fuel cell components, which enables the Group to deepen its exposure to the sector through their expertise.

Note 2: The principal activities of these companies are research and development in new energy, which enables the Group to strengthen its competitive advantage.

Note 3: The principal activity of Beijing Shuimu Piloting Venture Capital Center (北京水木領航創業投資中心) is consultancy service which enables the Group to extend their influence to other market.

Note 4: On October 1, 2025, the Group had entered the "Amendment Agreement to the Joint Venture Contract" with Toyota Motor Corporation. The agreement primarily reflects a change in shareholding structure as the Group's shareholding ratio decreased from 50% to 35%, while Toyota Motor Corporation increased to 65%.

Note 5: On June 19, 2025, the Group along with Beiqi Foton and several other investment partners had entered amendment agreement. Equity interest held by the Group had been diluted to 3.8%

Note 6: On November 18, 2024, the Group entered into equity transfer agreement with Zhongjia Hongtai (Beijing) New Energy Technology Co., Ltd. (中嘉鴻泰(北京)新能源科技有限公司) and Shandong Great Electric Technology Co., Ltd. (山東格銳特電力技術有限責任公司) to dispose of 60% equity of Shanghai Kuitong Technology Co., Ltd. (上海夔通科技有限公司) and its indirect subsidiary. The group had remain holding 40% of equity interest of Shanghai Kuitong Technology Co., Ltd. (上海夔通科技有限公司) at both year end.

Note 7: Although the Group holds less than 20% of the equity interests in these associates, it is able to appoint directors to the board of directors and/or participate in the decision-making processes relating to their financial and operating policies. Accordingly, the Group is able to exercise significant influence over these associates.

SECTION V FINANCIAL STATEMENTS

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

The tables below provide summarized financial information for the joint venture and the associate that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint venture and associate and not the Group's share of those amounts.

Toyota Sinohytec Fuel Cell Co., Ltd.			
(華豐燃料電池有限公司)			
	December 31, 2025	December 31, 2024	January 1, 2024
	RMB'000	RMB'000	RMB'000
Summarised statement of financial position			
Current assets	515,296	507,455	247,403
Non-current assets	485,396	484,214	316,259
Current liabilities.	461,466	516,702	132,198
Non-current liabilities	403,617	340,936	249,988
Net assets	135,609	134,031	181,476
		2025	2024
		RMB'000	RMB'000
Summarised statement of comprehensive income			
Revenue		121,080	200,460
Loss for the year		(42,687)	(47,445)
Total comprehensive loss for the year		(42,687)	(47,445)

SECTION V FINANCIAL STATEMENTS

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

	Beijing Shuimu Piloting Venture Capital Center (北京水木領航創業投資中心)		
	December 31, 2025	December 31, 2024	January 1, 2024
	RMB'000	RMB'000	RMB'000
Summarised statement of financial position			
Current assets	1,589,390	1,597,493	1,431,247
Non-current assets			
Current liabilities	-	3	5,401
Non-current liabilities			
Net assets	1,589,390	1,597,490	1,425,846
		2025	2024
		RMB'000	RMB'000
Summarised statement of comprehensive income			
Revenue		1,429	1,865
Loss for the year		(8,100)	171,644
Total comprehensive loss for the year		(8,100)	171,644

SECTION V FINANCIAL STATEMENTS

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Beijing Caven New Energy Vehicle Co., Ltd.			
(北京卡文新能源汽车有限公司)			
	December 31, 2025	December 31, 2024	January 1, 2024
	RMB'000	RMB'000	RMB'000
Summarised statement of financial position			
Current assets	1,261,148	269,856	427,932
Non-current assets	617,399	246,568	57,755
Current liabilities.	551,053	181,495	53,172
Non-current liabilities	33,308	22,486	20,878
Net assets	1,294,186	312,443	411,637
		2025	2024
		RMB'000	RMB'000
Summarised statement of comprehensive income			
Revenue		1,155,375	34,733
Loss for the year		211,005	(99,194)
Total comprehensive loss for the year		211,005	(99,194)

SECTION V FINANCIAL STATEMENTS

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Individually immaterial associates

In addition to the interests in associates disclosed above, the group also has interests in a number of individually immaterial associates and joint ventures are accounted for using the equity method.

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
Aggregate carrying amount of individually immaterial associates	60,949	69,831	84,508
		2025 RMB'000	2024 RMB'000
Aggregate amounts of the group's share of			
Profit from continuing operations		(8,882)	(14,677)
Post-tax Profit or loss from discontinued operations		-	-
Other comprehensive income		-	-
Total comprehensive income		(8,882)	(14,677)

There are no commitments and contingent liabilities in respect of associates and joint ventures.

SECTION V FINANCIAL STATEMENTS

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
Hozon New Energy Automobile Co., Ltd (合眾新能源汽车股份有限公司)	-	157,847	195,510

As at December 31, 2025, the Group's unlisted equity securities represented a 0.9486% equity interest in Hozon New Energy Automobile Co., Ltd. ("**Hozon**"), a company incorporated in the PRC principally engaged in the manufacture and sale of new energy vehicles. The Group has irrevocably designated the unlisted equity investment in Hozon as financial assets at fair value through other comprehensive income, as the Group considers this investment to be strategic in nature and held for long-term purposes.

Fair value of the Group's equity interest in Hozon as at January 1, 2024 was determined by an independent external valuer using the market approach, which was considered to be an appropriate valuation approach at that time. The fair value was within Level 3 of the fair value hierarchy. Key unobservable inputs to the valuation included the Price-to-Sales (P/S) ratio of 5.13 times and a discount for lack of marketability (DLOM) of 31.4%. The better the sales performance of Hozon and the higher the P/S ratio, the higher the fair value; whereas a higher discount for lack of marketability would result in a lower fair value.

Fair value of the Group's equity interest in Hozon as at December 31, 2024 was determined by an independent external valuer using the market approach, which was considered to be an appropriate valuation approach at that time. The fair value was within Level 3 of the fair value hierarchy. Key unobservable inputs to the valuation included the Price-to-Sales (P/S) ratio of 2.63 times and a discount for lack of marketability (DLOM) of 22.4%. The better the sales performance of Hozon and the higher the P/S ratio, the higher the fair value; whereas a higher discount for lack of marketability would result in a lower fair value.

The fair value of the Group's equity interest in Hozon as at December 31, 2025 was determined by management with reference to the facts and circumstances existing at the valuation date. In determining the fair value, management considered, among other factors, Hozon's entry into bankruptcy reorganisation proceedings during the year ended December 31, 2025, the priority of claims in the bankruptcy distribution waterfall, including the subordinated nature of equity interests, independent legal advice regarding the Group's position as an equity holder in the bankruptcy process, and publicly available information relating to Hozon's financial position and significant debt obligations. Based on the above, management determined that the fair value of the Group's equity interest in Hozon as at December 31, 2025 was nil.

Consequently, the Group wrote down the fair value of the equity interest in Hozon to zero as at December 31, 2025, with the corresponding fair value loss recognised directly in other comprehensive income.

SECTION V FINANCIAL STATEMENTS

15. INTANGIBLE ASSETS

	Development expenses RMB'000	Patents/ Non-patented technology RMB'000	Software RMB'000	Copyright RMB'000	Total RMB'000
Cost					
January 1, 2024	35,605	230,073	69,403	807	335,888
Additions	42,294	–	9,900	–	52,194
Transfers	(28,145)	24,317	–	–	(3,828)
Disposals and Written off	–	(707)	(574)	–	(1,281)
At December 31, 2024 and January 1, 2025	49,754	253,683	78,729	807	382,973
Additions	13,274	–	–	–	13,274
Transfers	(22,510)	9,230	1,691	–	(11,589)
Disposals and Written off	–	(1,433)	(179)	–	(1,612)
At December 31, 2025	40,518	261,480	80,241	807	383,046
Accumulated amortisation and impairment loss					
January 1, 2024	–	43,698	19,860	653	64,211
Charge for the year	–	25,249	6,870	80	32,199
Disposals and Written off	–	(168)	(372)	–	(540)
At December 31, 2024 and January 1, 2025	–	68,779	26,358	733	95,870
Charge for the year	–	25,466	8,308	74	33,848
Disposals and Written off	–	(250)	(60)	–	(310)
Impairment loss	–	31,212	8,140	–	39,352
At December 31, 2025	–	125,207	42,746	807	168,760
Carrying amount					
At December 31, 2025	40,518	136,273	37,495	–	214,286
At December 31, 2024	49,754	184,904	52,371	74	287,103
At January 1, 2024	35,605	186,375	49,543	154	271,677

Note:

At December 31, 2025, the carrying amount of intangible assets pledged as security for the Group's bank loans amounted to approximately RMB426,000 (2024: Nil) (Note 25).

SECTION V FINANCIAL STATEMENTS

15. INTANGIBLE ASSETS (Continued)

(a) Impairment of intangible assets

As of December 31, 2025, the carrying amount before impairment loss of the intangible assets related to the fuel cell system business was approximately RMB213,210,000. Based on the results of the impairment test, the recoverable amount of the asset group was determined to be approximately RMB173,858,000, which is lower than its carrying amount. Consequently, an impairment loss of approximately RMB39,352,000 has been recognized for the current year.

Details of impairment for the year ended December 31, 2025 are set out in Note 12(a) to the financial statements.

16. LEASE AND RIGHT-OF-USE ASSETS

(i) Amounts recognised in the consolidated statement of financial position

The following amounts are recognised in the consolidated statement of financial position:

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
Right-of-use assets			
Land use rights	20,394	25,074	25,643
Land and buildings	14,128	31,284	37,864
	34,522	56,358	63,507

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
Lease liabilities			
Current	26,513	21,297	14,218
Non-current	2,178	12,330	21,299
	28,691	33,627	35,517

SECTION V FINANCIAL STATEMENTS

16. LEASE AND RIGHT-OF-USE ASSETS (Continued)

(i) Amounts recognised in the consolidated statement of financial position (Continued)

The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:

	December 31, 2025	December 31, 2024	January 1, 2024
	RMB'000	RMB'000	RMB'000
Within one year	26,790	22,154	15,414
After one year but within two years	1,636	11,214	13,550
After two years but within five years	594	1,417	8,583
	29,020	34,785	37,547

(ii) Amounts recognised in the statement of profit or loss

The following amounts are recognised in the consolidated statement of profit or loss:

	December 31, 2025	December 31, 2024
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Land use rights	569	569
Land and buildings	16,920	13,948
	17,489	14,517
Interest expense (included in finance cost)	704	1,436
Expense relating short-term lease	937	4,120
Impairment loss on right-of-use assets	4,111	–
(Gain)/loss on early termination of lease	(1,741)	3,198
Total cash outflow for leases	4,599	18,012
Additions to right-of-use assets	3,382	14,606

The Group leases various land use rights and land and buildings. Lease agreements are typically made for fixed periods of 3 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

SECTION V FINANCIAL STATEMENTS

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
Prepayment	42,308	42,311	72,015
Deposit	8,597	6,942	13,045
Value-added tax recoverable	37,929	44,236	40,776
Others (note)	29,376	44,354	33,251
	118,210	137,843	159,087
Less: Provision for impairment for other receivables	(23,718)	(31,980)	(25,088)
Less: Non-current	(37,328)	(37,587)	(44,170)
Current	57,164	68,276	89,829

The carrying amounts of deposits and other receivables approximated their fair values as at December 31, 2025 and 2024 and January 1, 2024 were all denominated in RMB.

Note: The amount included the balance due from associate – Zhangjiakou Haiper New Energy Technology Co., Ltd. of RMB28,629,000, RMB36,691,000 and RMB30,254,000 as at December 31, 2025 and 2024 and January 1, 2024 respectively.

The Group provide for expected credit losses prescribed by IFRS 9 for deposits and other receivables. To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and the aging from billing. See Note 37(a) for further information about expected credit loss provision.

Movements on the provision for impairment of deposits and other receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	31,980	25,088
Write-off for the period	(5,273)	–
(Reversal)/Provision for impairment, net	(2,989)	6,892
At end of year	23,718	31,980

The carrying amounts of net trade and bill receivables approximated their fair values as at December 31, 2025 and 2024.

SECTION V FINANCIAL STATEMENTS

18. CONTRACT ASSETS AND CONTRACT LIABILITIES

	December 31, 2025	December 31, 2024	January 1, 2024
	RMB'000	RMB'000	RMB'000
Contract assets	27,007	28,869	35,356
Less: provision for impairment	(9,989)	(5,885)	(4,636)
	17,018	22,984	30,720
Less: Current portion	(1,121)	(1,249)	(16,711)
Non-current portion	15,897	21,735	14,009

The Group provide for expected credit losses prescribed by IFRS 9 for contract assets. To measure the expected credit losses, these contract assets have been grouped based on shared credit risk characteristics and the aging from billing. See Note 37(a) for further information about expected credit loss provision.

Movements on the provision for impairment of contract assets are as follows:

	2025	2024
	RMB'000	RMB'000
At beginning of year	5,885	4,636
Provision for impairment loss	4,104	1,249
At end of year	9,989	5,885

The carrying amounts of contract assets approximated their fair values as at December 31, 2025 and 2024 and January 1, 2024 were all denominated in RMB.

	December 31, 2025	December 31, 2024	January 1, 2024
	RMB'000	RMB'000	RMB'000
Contract liabilities	21,958	62,510	6,445

Details of contract liabilities are as follows:

	December 31, 2025	December 31, 2024	January 1, 2024
	RMB'000	RMB'000	RMB'000
Short-term advances received from customers			
Provision of technology development services	21,958	62,510	6,445

SECTION V FINANCIAL STATEMENTS

18. CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

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

	2025 RMB'000	2024 RMB'000
Provision of technology development services	62,510	6,445

19. TRADE AND BILL RECEIVABLES

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
Trade receivables	1,988,350	2,198,174	2,106,761
Bill receivables	20,114	14,478	50,827
	2,008,464	2,212,652	2,157,588
Less: Provision for impairment for trade receivables	(903,484)	(648,072)	(453,822)
	1,104,980	1,564,580	1,703,766

Ageing analysis of trade and bill receivables by invoice date is as follows:

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
Within 1 year	178,522	382,347	917,909
1-2 years	273,532	777,239	660,902
2-3 years	740,590	498,178	228,959
3-4 years	336,029	225,802	38,573
4-5 years	152,196	18,337	224,311
Over 5 years	327,595	310,749	86,934
	2,008,464	2,212,652	2,157,588
Less: Provision for impairment	(903,484)	(648,072)	(453,822)
	1,104,980	1,564,580	1,703,766

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over the trade receivable balances. trade and bill receivables are non-interest-bearing.

SECTION V FINANCIAL STATEMENTS

19. TRADE AND BILL RECEIVABLES (Continued)

Trade and bill receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and bill receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment.

The Group provide for expected credit losses prescribed by IFRS 9 for trade receivables. To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and the aging from billing. See Note 3.1(b) for further information about expected credit loss provision.

Movements on the provision for impairment of trade and bill receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	648,072	453,822
Provision for impairment loss	255,412	194,250
At end of year	903,484	648,072

The carrying amounts of net trade and bill receivables approximated their fair values as at December 31, 2025 and 2024.

The carrying amounts of net trade and bill receivables were denominated in the following currencies:

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
RMB	1,103,745	1,563,637	1,703,766
United States Dollars ("US\$")	1,235	943	–
	1,104,980	1,564,580	1,703,766

SECTION V FINANCIAL STATEMENTS

20. INVENTORIES

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
Raw materials	36,726	59,183	87,731
Work in progress	25,394	32,132	30,780
Finished goods	6,253	81,819	97,840
Goods in transit	27,435	19,829	14,825
	95,808	192,963	231,176

- (a) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	December 31, 2025 RMB'000	December 31, 2024 RMB'000
Carrying amount of inventories sold	183,040	320,956
Provision for inventories	20,846	44,000

The Group made inventory provision for obsolete inventories and write-down of the inventories to net realisable value. A reversal of provision of inventories was included in "cost of sales and services" in the consolidated statement of profit or loss.

SECTION V FINANCIAL STATEMENTS

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
Unlisted equity investment (note i)	4,300	4,097	2,800
Fund investments (note ii)	715,557	727,426	690,330
	719,857	731,523	693,130
Analysed as:			
Non-current assets	4,300	4,097	2,800
Current assets	715,557	727,426	690,330

- (i) The unlisted equity investment as at January 1, 2024, December 31, 2024 and 2025 was investments in a private company incorporated in China. The company was a principally engaged in manufacture and sale of chemical products, primarily focusing on intermediates for pharmaceuticals and agrochemicals.

The investments are held for strategic purposes in the medium to long-term. In accordance with IFRS 9, these investments are classified as financial assets at fair value through profit or loss, with subsequent changes in fair value recognized in the consolidated statement of profit or loss.

- (ii) The fund investments as at January 1, 2024, December 31, 2024 and December 31, 2025 represent investments in participation shares of funds managed by licensed fund managers in Hong Kong. The funds are open-ended and redeemable by reference to net asset value (“NAV”). The underlying assets of the fund portfolios primarily comprise highly liquid and low-risk assets, including U.S. Treasury Notes and cash equivalents. The investments are managed and evaluated on a fair value basis, with fair value determined mainly by reference to NAV statements provided by the fund managers. As the investments represent participation interests rather than basic lending arrangements, and their contractual cash flows are not solely payments of principal and interest, they were mandatorily classified as financial assets at fair value through profit or loss.

As at the date of this report, the Group has redeemed approximately US\$79,850,000 (equivalent to approximate RMB551,763,000) the fund investments and received the proceeds from the funds.

SECTION V FINANCIAL STATEMENTS

22. CASH AND BANK BALANCES

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
Restricted bank deposits	1,552	–	2,618
Pledged bank deposits (note)	275,446	2,842	14,580
Cash and cash equivalents	372,983	719,393	592,026
Cash and bank balances	649,981	722,235	609,224

Cash and bank balances are denominated in the following currencies:

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
RMB	349,610	428,372	320,253
US\$	300,348	293,863	288,971
HK\$	23	–	–
	649,981	722,235	609,224

As at December 31, 2025, bank and cash balances of approximately RMB349,610,000 (2024: RMB428,372,000) are denominated in RMB. RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

Note: At December 31, 2025, the carrying amount of bank deposits pledged as security for the Group's bank loans amounted to approximately RMB275,390,000 (2024: Nil) (Note25).

SECTION V FINANCIAL STATEMENTS

23. TRADE AND BILLS PAYABLES

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
Bills payables	20,000	19,261	39,683
Trade payables	579,407	669,626	572,539
	599,407	688,887	612,222

As of the end of the reporting period, the aging analysis of trade creditors and bills payable, based on the invoice date, is as follows:

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
Within 1 year	115,568	355,605	411,110
1-2 years	261,180	286,384	166,372
2-3 years	194,398	35,197	30,725
3-4 years	19,093	8,422	4,015
4-5 years	4,530	1,579	-
Over 5 years	4,638	1,700	-
	599,407	688,887	612,222

The trade and bills payables are non-interest-bearing.

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
RMB	599,398	688,887	612,111
US\$	9	-	111
	599,407	688,887	612,222

SECTION V FINANCIAL STATEMENTS

24. OTHER PAYABLES AND ACCRUALS

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
Current portion			
Accrual for employee benefit expenses	53,685	40,001	53,547
Government subsidy received on behalf third party	119,061	127,118	–
Value-added tax payables	93	1,362	1,042
Other payables and accrued operating expenses	85,713	46,690	28,554
	258,552	215,171	83,143
Non-current portion			
Other payables and accrued operating expenses	–	2,062	5,912

Other payables are unsecured and non-interest-bearing.

25. BANK AND OTHER BORROWINGS

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
Bank borrowings			
Secured	306,366	57,379	69,167
Guaranteed	9,810	26,995	128,520
Unsecured	126,478	688,064	408,343
	442,654	772,438	606,030
The bank borrowing are repayable as follows:			
On demand or within one year	442,654	772,438	606,030
Less: Amount due for settlement within 12 months (shown under current liabilities)	(442,654)	(762,628)	(606,030)
Amount due for settlement after 12 months	–	9,810	–

There effective interest rates per annum were ranging as follows:

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
Bank loans	2.05% – 3.60%	2.68% – 3.60%	2.68% – 3.60%

SECTION V FINANCIAL STATEMENTS

25. BANK AND OTHER BORROWINGS (Continued)

- (a) Certain of the Group's bank borrowings are secured by:
- Mortgages over the Group's buildings with aggregate carrying amounts of approximately RMB166,312,000, RMB16,137,000 and RMB3,864,000 as at December 31, 2025, December 31, 2024 and January 1, 2024, respectively (Note 12).
 - Mortgages over the Group's intangible assets with aggregate carrying amounts of approximately RMB426,000, RMB nil and RMB nil as at December 31, 2025, December 31, 2024 and January 1, 2024, respectively (Note 15).
 - Mortgages over the Group's pledged bank deposits, which had an aggregate carrying value of approximately RMB275,390,000, RMB Nil and RMB Nil as at December 31, 2025, 31 December 2024 and January 1, 2024, respectively (Note 22).
- (b) Certain of the Group's bank borrowings with carrying amounts of approximately RMB9,810,000, RMB26,995,000 and RMB128,520,000 as at December 31, 2025, December 31, 2024 and January 1, 2024, respectively, were guaranteed by the Company or certain subsidiaries of the Group.
- (c) The principal amounts of all bank borrowings are denominated in RMB.

26. DEFERRED INCOME

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
Government grant	104,077	108,418	111,274

Deferred income mainly represents the PRC local government grants received from relevant PRC authorities for compensate the Group's development costs and fixed asset investments. Government grants received for compensate for the Group's development costs which has not yet been undertaken are included in deferred income and recognized as income on a systematic basis of over the periods that the cost, which it is intended to compensate, are expensed. Government grants received relates to assets invested in laboratory equipment and plant were credited to deferred income and are recognized as income over the expected useful lives of the relevant assets.

SECTION V FINANCIAL STATEMENTS

27. PROVISION

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
Warranty	46,263	45,448	44,776
		2025 RMB'000	2024 RMB'000
At beginning of year		45,448	44,776
Provision during the year		2,480	4,362
Utilisation		(1,665)	(3,690)
At end of year		46,263	45,448

28. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Provision for impairment of assets RMB'000	Lease liabilities RMB'000	Unused tax losses RMB'000	Others RMB'000	Total RMB'000
At January 1, 2024	96,240	5,493	39,758	13,912	155,403
(Charged)/credited – to profit or loss	(4,815)	1,759	(1,224)	981	(3,299)
At December 31, 2024 and January 1, 2025	91,425	7,252	38,534	14,893	152,104
Charged – to profit or loss	(45,968)	(3,806)	(6,927)	(13,751)	(70,452)
At December 31, 2025	45,457	3,446	31,607	1,142	81,652

SECTION V FINANCIAL STATEMENTS

28. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (Continued)

Deferred tax liabilities

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the years are as follows:

	Fair value changes of equity investments at FVOCI RMB'000	Fair value changes of financial assets at FVTPL RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At January 1, 2024	20,010	114	6,078	7,002	33,204
(Charged)/credited					
- to profit or loss	-	260	1,083	692	2,035
- to other comprehensive income	(5,649)	-	-	-	(5,649)
At December 31, 2024 and January 1, 2025	14,361	374	7,161	7,644	29,590
(Charged)/credited					
- to profit or loss	-	31	(3,770)	(2,252)	(4,174)
- to other comprehensive income	(14,361)	-	-	-	(14,361)
At December 31, 2025	-	405	3,391	5,442	9,238

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. As at December 31, 2025, the deferred income tax assets recognised from tax losses of approximately RMB31,607,000 (December 31, 2024: RMB38,534,000 & January 1, 2024: RMB39,758,000) will expire in five years from the year they were incurred.

The Group did not recognise deferred income tax assets of approximately RMB155,684,000 (December 31, 2024: RMB82,173,000 & January 1, 2024: RMB54,373,000) in respect of tax losses amounting to approximately RMB975,295,000 (December 31, 2024: RMB506,127,000 & January 1, 2024: RMB297,312,000) that will be expired in five years from the year they were incurred respectively.

SECTION V FINANCIAL STATEMENTS

29. SHARE CAPITAL

	Number of shares of RMB1 each			Share capital		
	A share RMB'000	H Share RMB'000	Total RMB'000	A share RMB'000	H Share RMB'000	Total RMB'000
Registered						
At January 1, 2024	139,847,942	25,617,830	165,465,772	139,848	25,618	165,466
Addition due to issuance of bonus shares (Note 1)	55,939,177	10,247,132	66,186,309	55,939	10,247	66,186
At December 31, 2024 and January 1, 2025	195,787,119	35,864,962	231,652,081	195,787	35,865	231,652
Addition due to issuance of new shares (Note 2)	-	8,880,000	8,880,000	-	8,880	8,880
At December 31, 2025	195,787,119	44,744,962	240,532,081	195,787	44,745	240,532
Issued and fully paid						
At January 1, 2024	139,847,942	25,617,830	165,465,772	139,848	25,618	165,466
Issuance of bonus shares (Note 1)	55,939,177	10,247,132	66,186,309	55,939	10,247	66,186
At December 31, 2024 and January 1, 2025	195,787,119	35,864,962	231,652,081	195,787	35,865	231,652
Issuance of new shares (Note 2)	-	8,880,000	8,880,000	-	8,880	8,880
At December 31, 2025	195,787,119	44,744,962	240,532,081	195,787	44,745	240,532

Notes:

- At July 22, 2024, the Company made a bonus issue of 4 ordinary shares for every 10 existing ordinary shares held by members on the register of members by way of capitalisation of share premium.
- On December 23, 2025, the Company issued 8,880,000 new H shares at HK\$22.68 per share pursuant to the placing agreement dated December 16, 2025.

SECTION V FINANCIAL STATEMENTS

30. RESERVES

(a) Group

The amounts of the Group's share premium and reserves and movements therein are presented in the consolidated statement of profit or loss, and other comprehensive income and consolidated statement of changes in equity.

(b) Company

Details of movements in the Company's reserves are as follows:

	Share premium RMB'000	Capital reserve RMB'000	Fair value change reserve RMB'000	Statutory reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At January 1, 2024	3,109,563	(5,833)	113,392	9,216	(112,808)	3,113,530
Total comprehensive loss for the year	-	-	(32,014)	-	(188,250)	(220,264)
Transactions with owners in their capacity as owners						
Issuance of bonus shares	(66,186)	-	-	-	-	(66,186)
At December 31, 2024 and January 1, 2025	3,043,377	(5,833)	81,378	9,216	(301,058)	2,827,080
Total comprehensive loss for the year	-	-	(143,486)	-	(244,905)	(388,391)
Transactions with owners in their capacity as owners						
Issuance of new shares (Note 29)	170,394	-	-	-	-	170,394
At December 31, 2025	3,213,771	46,798	(62,108)	9,216	(598,594)	2,609,083

(c) Capital reserve

The capital reserve mainly represents the difference between the total amount of the par value of shares and the amount of the net proceeds received upon issuance of shares.

(d) Fair value change reserve

The fair value reserve (non-recycling) comprise the accumulated net change in the fair value of the equity investments designated as at FVTOCI that have been recognized in other comprehensive income. The cumulative gain or loss is not reclassified to profit and loss on disposal of the equity investments instead, it is transferred to retained earnings.

(e) Statutory reserve

In accordance with the relevant laws and regulations in the PRC, the PRC subsidiaries of the Group are required to appropriate 10% of the annual statutory net profit, after offsetting any prior years' losses to the statutory reserve fund before distributing the net profit. When the respective balance of the statutory reserve fund reaches 50% of the share capital of the PRC subsidiaries, any further appropriation is at the discretion of shareholders of the PRC subsidiaries. The statutory reserve fund can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the respective remaining balance of the statutory reserve fund after such issue is not less than 25% of registered capital of the PRC subsidiaries.

SECTION V FINANCIAL STATEMENTS

31. NON-CONTROLLING INTERESTS

Set out below are summarised financial information for subsidiaries that have non-controlling interests that are material to the Group. The amounts disclosed for the subsidiaries are before inter-company eliminations.

Summarised statement of financial position

Shanghai SinoFuelCell Co., Ltd.			
(上海神力科技有限公司)			
	December 31, 2025	December 31, 2024	January 1, 2024
	RMB'000	RMB'000	RMB'000
Non-current assets	186,326	275,839	293,330
Current assets	372,869	616,596	697,413
Current liabilities	(334,143)	(482,059)	(464,010)
Current net assets	38,726	134,537	233,403
TOTAL ASSETS LESS CURRENT LIABILITIES	225,052	410,376	526,733
Non-current liabilities	(45,344)	(53,178)	(61,352)
Net assets	179,708	357,198	465,381
Accumulated non-controlling interest ("NCI")	133,685	265,720	346,197

Summarised statement of comprehensive income

	2025	2024
	RMB'000	RMB'000
Revenue	54,617	130,356
Loss for the period and total comprehensive loss	(177,490)	(108,183)
Loss allocated to NCI	(132,035)	(80,477)
Dividends paid to NCI	-	-
Summarised cash flows		
Cash flows from operating activities	80,415	(111,829)
Cash flows from investing activities	(4,548)	4,095
Cash flows from financing activities	(83,743)	112,811
Net (decrease)/increase in cash and cash equivalents	(7,877)	5,077

SECTION V FINANCIAL STATEMENTS

31. NON-CONTROLLING INTERESTS (Continued) Summarised statement of financial position

	Beijing SinoHytec Hydrogen Technology Co., Ltd.		
	December 31, 2025	December 31, 2024	January 1, 2024
	RMB'000	RMB'000	RMB'000
Non-current assets	62,911	32,511	11,762
Current assets	81,893	53,257	17,276
Current liabilities	(40,112)	(83,396)	(15,770)
Current net liabilities	41,781	(30,139)	1,506
TOTAL ASSETS LESS CURRENT LIABILITIES	104,692	2,372	13,268
Non-current liabilities	(2,162)	(471)	–
Net assets	102,530	2,142	13,268
Accumulated non-controlling interest (“NCI”)	28,483	595	3,367

Summarised statement of comprehensive income

	2025	2024
	RMB'000	RMB'000
Revenue	97,348	2,532
Profit/(loss) for the period and total comprehensive loss	100,388	(11,126)
Profit/(loss) allocated to NCI	27,888	(3,091)
Dividends paid to NCI	–	–
Summarised cash flows		
Cash flows from operating activities	(35,400)	30,717
Cash flows from investing activities	15,056	(19,775)
Cash flows from financing activities	6,090	10,666
Net increase in cash and cash equivalents	(14,254)	21,608

SECTION V FINANCIAL STATEMENTS

32. DISPOSAL OF SUBSIDIARY

On December 18, 2025, the Group had entered into a sales and purchase agreement with an independent third party to dispose of 100% equity interest of Zhangjiakou Guoqing Technology Co., Ltd. and its subsidiary at a consideration of RMB50,000,000. The net assets of Zhangjiakou Guoqing Technology Co., Ltd. and its subsidiary at the date of disposal were as follows:

	2025 RMB'000
Consideration transferred:	
Cash consideration received	50,000
Analysis of assets and liabilities over which control was lost:	
Prepayment, deposits and other receivables	29,066
Cash and bank balances	934
Other payables and accrued expenses	(69)
Net assets disposed of	29,931
Gain on disposal of subsidiaries:	
Cash consideration received	50,000
Less: net assets disposed of	29,931
Gain on disposal	20,069
Net cash inflow arising on disposal:	
Cash consideration received	50,000
Less: cash and bank balances disposed of	(934)
Net cash inflow	49,066

SECTION V FINANCIAL STATEMENTS

32. DISPOSAL OF SUBSIDIARY (Continued)

On November 18, 2024, the Group entered into equity transfer agreement with two independent third parties to dispose of 60% equity of Shanghai Kuitong Technology Co., Ltd. (上海夔通科技有限公司) for RMB49,800,000. The net assets of Shanghai Kuitong Technology Co., Ltd. (上海夔通科技有限公司) at the date of disposal were as follows:

	2024 RMB'000
Consideration transferred:	
Cash consideration received	38,184
Other receivable	11,616
Total consideration	49,800
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	7
Cash and bank balances	6,743
Prepayments, deposits and other receivables	9,644
Other payables and accrued expenses	(20)
Net assets disposed of	16,374
Gain on disposal of subsidiaries:	
Cash consideration received	49,800
Less: net assets disposed of	16,374
Gain on disposal	33,426
Net cash inflow arising on disposal:	
Cash consideration received	38,184
Less: cash and bank balances disposed of	(6,743)
Net cash inflow	31,441

SECTION V FINANCIAL STATEMENTS

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

	Lease liabilities RMB'000	Bank and other borrowings RMB'000	Total liabilities from financing activities RMB'000
At January 1, 2024	35,517	606,030	641,547
Changes in cash flows	(13,892)	145,657	131,765
Non-cash changes			
– addition	14,606	–	14,606
– early termination	(4,040)	–	(4,040)
– interest charged	1,436	20,751	22,187
At December 31, 2024	33,627	772,438	806,065
Changes in cash flows	(3,662)	(343,267)	(346,929)
Non-cash changes			
– addition	3,382	–	3,382
– early termination	(5,360)	–	(5,360)
– interest charged	704	13,483	14,187
At December 31, 2025	28,691	442,654	471,345

34. RELATED PARTY TRANSACTIONS

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

(a) Compensation of key management personnel of the Group

	2025 RMB'000	2024 RMB'000
Emolument of key management	6,464	8,146
Total compensation paid to key management personnel	6,464	8,146

Further details of directors' and chief executive's emoluments are included in note 9 to the consolidated financial statements.

SECTION V FINANCIAL STATEMENTS

34. RELATED PARTY TRANSACTIONS (Continued)

(b) Transaction with related parties

The following is a summary of significant related party transactions, which were carried out in the normal course of the Group's business:

	2025 RMB'000	2024 RMB'000
Sales of goods and services		
Associates	17,092	21,095
Other related party	2,247	4,215
Purchase of goods and receipt of services		
Associates	7,442	139,009
Other related party	3,270	4,251
Rental income		
Associates	906	695

(c) Related parties balance and transactions

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
Current receivable (sales of goods and services)			
Associates	8,076	20,269	11,592
Other related party	1,740	3,303	1,567
Current payables (purchases of goods and services)			
Associates	150,732	165,785	25,037
Other related party	23,819	22,147	30,311

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

SECTION V FINANCIAL STATEMENTS

35. SUBSIDIARIES

The amounts due from/to subsidiaries are unsecured, interest-free and have no fixed terms of repayment. Subsidiaries as at December 31, 2025 are as follows:

Name	Note	Place of incorporation/ registration and operation	Paid-up capital	December 31, 2025 %	December 31, 2024 %	January 1, 2024 %	Principal activities
Directly owned							
SinoHytec Power Technology Co., Ltd. (德華通動力科技有限公司)		Mainland China, limited liability company	RMB359,668,010	100	100	100	Production of fuel cell power system
Shanghai SinoFuelCell Co., Ltd. (上海神力科技有限公司)	(iv)	Mainland China, limited liability company	RMB84,952,654	25.60	25.60	25.60	Design and development of fuel cell reactors
Beijing SinoHytec Hydrogen Energy Technology Co., Ltd. (北京德華通氫能科技有限公司)		Mainland China, limited liability company	RMB69,232,100	72.22	72.22	74.62	New energy technology promotion
Beijing Future Hydrogen Valley Technology Co., Ltd. (北京未來氫谷科技有限公司)		Mainland China, limited liability company	RMB101,000,000	100	100	100	New energy technology promotion
Chengdu SinoHytec Power Technology Co., Ltd. (成都德華通動力科技有限公司)		Mainland China, limited liability company	RMB50,000,000	100	100	100	New energy technology promotion
Chengdu Guoqinghuatong Technology Co., Ltd. (成都國氫華通科技有限公司)		Mainland China, limited liability company	RMB40,000,000	70	70	70	New energy technology promotion
Beijing Juxinghuatong Hydrogen Energy Technology Co., Ltd. (北京聚興華通氫能科技有限公司)		Mainland China, limited liability company	RMB30,000,000	100	100	100	Production of fuel cell power system
Shandong Huaqing Dongli Technology Co., Ltd. (山東華清動力科技有限公司)		Mainland China, limited liability company	RMB30,000,000	100	100	100	New energy technology promotion
Yifan Hydrogen Technology Co., Ltd. (德凡氫能科技有限公司)		Mainland China, limited liability company	RMB100,000,000	51	51	51	Scientific research and technical services
Tangshan Qianchen New Energy Development Co., Ltd. (唐山謙辰新能源發展有限公司)		Mainland China, limited liability company	RMB50,000,000	100	100	80	New energy technology promotion
Zhengzhou SinoHytec Power Technology Co., Ltd. (鄭州德華通動力科技有限公司)		Mainland China, limited liability company	RMB50,000,000	100	100	100	New energy technology promotion
Guangdong SinoHytec Technology Co., Ltd. (廣東德華通科技有限公司)		Mainland China, limited liability company	RMB50,000,000	100	100	100	Scientific research and technical services
SinoHytec International Limited (德華通科技國際有限公司)		Hong Kong, limited liability company	USD30,000,000	100	100	100	New energy technology promotion

SECTION V FINANCIAL STATEMENTS

35. SUBSIDIARIES (Continued)

Name	Note	Place of incorporation/ registration and operation	Paid-up capital	December 31, 2025 %	December 31, 2024 %	January 1, 2024 %	Principal activities
Zhangjiakou Lingtan Technology Co., Ltd. (張家口菱碳科技有限公司)		Mainland China, limited liability company	RMB10,000,000	100	N/A	N/A	New energy technology research and development
Beijing Yihuatong Energy Storage Technology Co., Ltd. (北京億華通儲能科技有限公司)		Mainland China, limited liability company	RMB30,000,000	100	N/A	N/A	New energy technology research and development
Indirectly owned							
Shanghai Shenrong New Energy Technology Co., Ltd. (上海神融新能源科技有限公司)	(v)	Mainland China, limited liability company	RMB6,000,000	25.60	25.60	25.60	Production of fuel cell reactors
Beijing Shenchuan Technology Co., Ltd. (北京神橡科技有限公司)	(v)	Mainland China, limited liability company	RMB10,000,000	25.60	25.60	25.60	New energy technology promotion
Tangshan SinoFuelCell Technology Co., Ltd. (唐山神力科技有限公司)	(v)	Mainland China, limited liability company	RMB30,000,000	25.60	25.60	25.60	New energy technology promotion
Qingqi Shenli Technology (Nanchong) Co., Ltd. (氫啟神力科技(南充)有限公司)	(v)	Mainland China, limited liability company	RMB100,000,000	25.60	N/A	N/A	Design and development of fuel cell reactors
Guangzhou SinoFuelCell Hydrogen Technology Co., Ltd. (廣州神力氫能科技有限公司)	(v)	Mainland China, limited liability company	RMB20,000,000	25.60	25.60	N/A	New energy technology promotion
Guochuang Hebei Hydrogen Energy Industry Innovation Center Co., Ltd. (國創河北氫能產業創新中心有限公司)	(i)	Mainland China, limited liability company	RMB30,000,000	N/A	N/A	74.62	Technology development
Hebei Guochuang Hydrogen Energy Technology Co., Ltd. (河北國創氫能科技有限公司)	(i)	Mainland China, limited liability company	RMB10,000,000	N/A	N/A	74.62	Technology development
Zhangjiakou Guoqing Technology Co., Ltd. (張家口國氫科技有限公司)	(ii)	Mainland China, limited liability company	RMB30,000,000	N/A	72.22	74.62	Technology development
Zhangjiakou Qingtong Technology Co., Ltd. (張家口氫通科技有限公司)	(ii)	Mainland China, limited liability company	RMB10,000,000	N/A	72.22	74.62	Technology development
Guangxi SinoHytec Hydrogen Technology Co., Ltd. (廣西億華通氫能科技有限公司)		Mainland China, limited liability company	RMB50,000,000	72.22	72.22	N/A	New energy technology promotion
Guangxi Zhongdian Huatong New Energy Technology Co., Ltd. (廣西中電華通新能源科技有限公司)	(vi)	Mainland China, limited liability company	RMB5,000,000	47.66	47.66	N/A	New energy technology promotion

SECTION V FINANCIAL STATEMENTS

35. SUBSIDIARIES (Continued)

Name	Note	Place of incorporation/ registration and operation	Paid-up capital	December 31, 2025 %	December 31, 2024 %	January 1, 2024 %	Principal activities
Guangxi Lingyun Zhongdian Huatong New Energy Technology Co., Ltd. (廣西凌雲中電華通新能源有限公司)	(iii), (vi)	Mainland China, limited liability company	RMB5,000,000	N/A	47.66	N/A	New energy technology promotion
Guangxi Hydrogen Energy Technology Innovation Center Co., Ltd. (廣西氫能技術创新中心有限公司)	(vii)	Mainland China, limited liability company	RMB10,000,000	31.12	N/A	N/A	New energy technology promotion
Zigong SinoHytec Hydrogen Technology Co., Ltd. (自貢億華通氫能科技有限公司)		Mainland China, limited liability company	RMB1,000,000	72.22	N/A	N/A	New energy technology promotion
Shanghai Kuitong Technology Co., Ltd. (上海夔通科技有限公司)		Mainland China, limited liability company	RMB10,000,000	N/A	N/A	100	Scientific research and technical services
Shurong Kongjian (Sichuan) Hydrogen Technology Co., Ltd. (蜀蓉空間(四川)氫能科技有限公司)	(i)	Mainland China, limited liability company	RMB50,000,000	100	N/A	N/A	New energy technology promotion
Tangshan Yitong Hydrogen Technology Co. Ltd. (唐山億彤氫能源科技有限公司)		Mainland China, limited liability company	RMB5,000,000	51	51	51	New energy technology research and development
Guangzhou SinoHytec New Energy Technology Co., Ltd. (廣州億華通新能源科技有限公司)		Mainland China, limited liability company	RMB50,000,000	70	70	70	Scientific research and technical services
Guyuan County Tongyuan New Energy Co., Ltd. (涪源縣通源新能源有限公司)		Mainland China, limited liability company	RMB10,000,000	85	N/A	N/A	New energy technology research and development
Guyuan County Yifeng New Energy Co., Ltd. (涪源縣億楓新能源有限公司)		Mainland China, limited liability company	RMB3,000,000	85	N/A	N/A	New energy technology research and development
Guyuan County Yigu New Energy Co., Ltd. (涪源縣億谷新能源有限公司)		Mainland China, limited liability company	RMB3,000,000	85	N/A	N/A	New energy technology research and development
Guyuan County Tonggu New Energy Co., Ltd. (涪源縣通谷新能源有限公司)		Mainland China, limited liability company	RMB3,000,000	85	N/A	N/A	New energy technology research and development

The English names of the PRC companies referred to above in this Note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

SECTION V FINANCIAL STATEMENTS

35. SUBSIDIARIES (Continued)

Notes:

- (i) During year ended December 31, 2024, the Company disposed of its equity interests in Shanghai Kuitong Technology Co., Ltd. (上海夔通科技有限公司) and its subsidiaries, Guochuang Hebei Hydrogen Energy Industry Innovation Center Co., Ltd. (國創河北氫能產業創新中心有限公司) and Hebei Guochuang Hydrogen Energy Technology Co., Ltd. (河北國創氫能科技有限公司).
- (ii) During year ended December 31, 2025, the Company disposed of its equity interests in Zhangjiakou Guoqing Technology Co., Ltd. (張家口國氫科技有限公司) and Zhangjiakou Qingtong Technology Co., Ltd. (張家口氫通科技有限公司).
- (iii) During year ended December 31, 2025, the Company completed the deregistration of Guangxi Lingyun Zhongdian Huatong New Energy Technology Co., Ltd. (廣西凌雲中電華通新能源科技有限公司).
- (iv) The Company directly holds a 25.6010% equity interest in Shanghai SinoFuelCell Co., Ltd. (上海神力科技有限公司) and its subsidiary. In 2019, the Company entered into a Voting Rights Proxy Agreement with Shanghai Shenjie New Energy Technology Center (Limited Partnership), a shareholder of Shanghai SinoFuelCell Co., Ltd. (上海神力科技有限公司) holding a 10.8091% stake. Under the agreement, Shanghai Shenjie New Energy Technology Center (Limited Partnership) agreed to unconditionally and irrevocably delegate rights, including voting rights and nomination/proposal rights – excluding rights to income, dividends, and disposal – corresponding to its entire equity interest in Shanghai SinoFuelCell Co., Ltd. (上海神力科技有限公司) to the Company. The entrustment period spans from the effective date of the agreement until both parties mutually agree to terminate it, with a minimum duration of no less than 8 years. Regarding governance, the Board of Directors of Shanghai SinoFuelCell Co., Ltd. (上海神力科技有限公司) consists of 7 members, 4 of whom are appointed by the Company. Additionally, the Chairman is appointed from the directors designated by the Company. Therefore, the Company effectively controls the board decision-making of Shanghai SinoFuelCell Co., Ltd. (上海神力科技有限公司).
- (v) Shanghai SinoFuelCell Co., Ltd. (上海神力科技有限公司) holds a 100% equity interest in Shanghai Shenrong New Energy Technology Co., Ltd. (上海神融新能源科技有限公司), Beijing Shenchuan Technology Co., Ltd. (北京神椽科技有限公司), Tangshan SinoFuelCell Technology Co., Ltd. (唐山神力科技有限公司), Qingqi Shenli Technology (Nanchong) Co., Ltd. (氫啟神力科技(南充)有限公司), and Guangzhou SinoFuelCell Hydrogen Technology Co., Ltd. (廣州神力氫能科技有限公司). As the Company holds a 25.6010% interest in Shanghai SinoFuelCell Co., Ltd. (上海神力科技有限公司), it indirectly holds a 25.6010% interest in these five companies. The reasons for maintaining control despite holding less than half of the voting rights are detailed in section (iv) above.
- (vi) The Company directly holds a 72.2208% equity interest in Beijing SinoHytec Hydrogen Technology Co., Ltd. and exercises control over it. Beijing SinoHytec Hydrogen Technology Co., Ltd. holds a 100% equity interest in Guangxi SinoHytec Hydrogen Technology Co., Ltd. (廣西億華通氫能科技有限公司); thus, the Company indirectly holds a 72.2208% interest in Guangxi SinoHytec Hydrogen Technology Co., Ltd. (廣西億華通氫能科技有限公司) and exercises control. Guangxi SinoHytec Hydrogen Technology Co., Ltd. (廣西億華通氫能科技有限公司) holds a 66% equity interest in Guangxi Zhongdian Huatong New Energy Technology Co., Ltd (廣西中電華通新能源科技有限公司); consequently, the Company indirectly holds a 47.6657% interest in Guangxi Zhongdian Huatong New Energy Technology Co., Ltd (廣西中電華通新能源科技有限公司) and exercises control over it.
- (vii) The Company directly holds a 72.2208% equity interest in Beijing SinoHytec Hydrogen Energy Technology Co., Ltd. (北京億華通氫能科技有限公司) and exercises control. Beijing SinoHytec Hydrogen Technology Co., Ltd. holds a 20% equity interest in Guangxi Hydrogen Energy Technology Innovation Center Co., Ltd. (廣西氫能技術創新中心有限公司). The Company indirectly holds a 47.6657% equity interest in Guangxi Zhongdian Huatong New Energy Technology Co., Ltd (廣西中電華通新能源科技有限公司) and exercises control. Guangxi Zhongdian Huatong New Energy Technology Co., Ltd (廣西中電華通新能源科技有限公司) holds a 35% equity interest in Guangxi Hydrogen Energy Technology Innovation Center Co., Ltd. (廣西氫能技術創新中心有限公司). Consequently, the Company indirectly holds a 31.1272% equity interest in Guangxi Hydrogen Energy Technology Innovation Center Co., Ltd. (廣西氫能技術創新中心有限公司) and exercises control over it.

SECTION V FINANCIAL STATEMENTS

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	December 31, 2025	December 31, 2024	January 1, 2024
Non-current assets			
Investments in subsidiaries	778,427	690,099	555,167
Property, plant and equipment	30,232	54,883	44,255
Investments accounted for using the equity method	258,326	268,902	287,228
Financial assets at fair value through other comprehensive income	–	157,847	195,510
Intangible assets	147,357	191,339	183,138
Right-of-use assets	1,320	6,390	17,198
Prepayments, deposits and other receivables	15,789	16,965	16,013
Deferred tax assets	–	22,527	41,400
	1,231,451	1,408,952	1,339,909
Current assets			
Trade and bill receivables	178,137	284,243	379,979
Prepayments, deposits and other receivables	12,319	27,399	43,915
Amounts due from subsidiaries	792,802	905,882	1,070,979
Amounts due from associate	–	5,011	–
Inventories	30,481	93,252	144,753
Financial assets at fair value through profit or loss	715,557	727,426	690,330
Restricted bank deposits	1,552	–	2,618
Pledged bank deposits	275,446	2,842	14,580
Cash and cash equivalents	261,785	543,625	494,198
Total current assets	2,268,079	2,589,680	2,841,352
Current liabilities			
Trade and bills payables	148,692	290,932	399,467
Contract liabilities	9,827	2,646	1,597
Other payables and accruals	58,537	44,665	46,536
Bank and other borrowings	351,331	517,179	333,355
Lease liabilities	3,920	4,623	8,334
Total current liabilities	572,307	860,045	789,289
Net current liabilities	1,695,772	1,729,635	2,052,063
Total assets less current liabilities	2,927,223	3,138,587	3,391,972

SECTION V FINANCIAL STATEMENTS

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

(a) (Continued)

	December 31, 2025	December 31, 2024	January 1, 2024
Non-current liabilities			
Amounts due from subsidiaries	14,637	18,395	22,849
Deferred income	43,855	41,292	37,678
Provision	19,116	18,917	19,100
Lease liabilities	–	1,251	8,943
Deferred tax liabilities	–	–	24,406
Total non-current liabilities	77,608	79,855	112,976
NET ASSETS	2,849,615	3,058,732	3,278,996
Capital and reserves			
Share capital	240,532	231,652	165,466
Reserves	2,609,083	2,827,080	3,113,530
TOTAL EQUITY	2,849,615	3,058,732	3,278,996

37. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the group's business. The group is also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity share price.

The group's exposure to these risks and the financial risk management policies and practices used by the group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to cash and cash equivalents, restricted bank deposits, pledged bank deposits, contract assets, trade and bills receivables and other receivables.

The Group's exposure to credit risk arising from cash and cash equivalents, restricted bank deposits and pledged bank deposits are limited because the counterparties are banks and financial institutions for which the Group considers to have low credit risk.

37. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Trade and bill receivables

For trade and bill receivables, the management of the Group assesses the collectability of the trade receivables regularly and on a case-by-case basis for the determination of any loss allowance for the trade and bill receivables by taking into account the customers' financial condition, current creditworthiness, past settlement history, business relationship with the Group and other factors such as current market conditions.

Certain customers of the Group which has a significant outstanding trade and bill receivables due to the Group with gross carrying amount of RMB362,832,000, RMB326,844,000, and RMB389,846,000 in aggregate as at December 31, 2025, December 31, 2024 and January 1, 2024, respectively, was assessed for allowance for credit losses individually. The management assessed for the allowance for credit losses for lifetime by estimating default rate taking into account historical and forward looking information. As at December 31, 2025, December 31, 2024 and January 1, 2024, allowance for expected credit losses of RMB342,645,000, RMB309,774,000, and RMB291,122,000, respectively, was made on the trade and bill receivables due from these customers.

During the year ended December 31, 2025 and 2024, impairment losses on trade and bill receivables due from these customers amounted to RMB32,872,000 and RMB18,652,000, respectively are provided and included in the consolidated profit or loss. In this regard, the directors of the Company are in the opinion that the provision of loss allowance is sufficient and not excessive.

For the remaining trade and bill receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL, as the Group's historical credit loss experience does not indicate significant different loss patterns for different customer segments and the allowance for credit losses based on the past due status is not further distinguished between the Group's customer bases.

SECTION V FINANCIAL STATEMENTS

37. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Trade and bill receivables (Continued)

The following table provides information about the Group's exposure to credit risk within lifetime ECL for trade receivables due from customers other than the abovementioned individually evaluated customers, which is assessed based on provision matrix as at December 31, 2025, December 31, 2024 and January 1, 2024:

	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
As at December 31, 2025				
Less than 1 year	8%	157,569	11,975	145,594
1 to 2 years	12%	272,361	33,264	239,097
2 to 3 years	25%	732,814	183,790	549,024
3 to 4 years	52%	314,429	163,346	151,083
Over 4 years	100%	168,459	168,459	–
		1,645,632	560,834	1,084,798
As at December 31, 2024				
	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Less than 1 year	6%	365,276	20,127	345,149
1 to 2 years	10%	777,239	80,755	696,484
2 to 3 years	22%	498,178	109,411	388,767
3 to 4 years	48%	225,067	107,957	117,110
Over 4 years	100%	20,048	20,048	–
		1,885,808	338,298	1,547,510
As at January 1, 2024				
	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Less than 1 year	4%	836,071	33,443	802,628
1 to 2 years	6%	660,902	39,654	621,248
2 to 3 years	29%	228,694	66,321	162,373
3 to 4 years	50%	37,658	18,829	18,829
Over 4 years	100%	4,417	4,417	–
		1,767,742	162,664	1,605,078

37. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Trade and bill receivables (Continued)

The management of the Group determined the ECL rates for portfolio of trade receivables due from customers with reference to past-due status of such balances by estimating their default rates taking into account historical information (e.g. historical flow rate of receivables moving into the next aging bucket in the subsequent period, actual historical loss, etc.) and forward-looking information.

The Group engaged an independent external valuer to measure the ECL for trade receivables using a provision matrix. The valuer applied a migration rate approach based on the historical settlement and default records of the trade receivables portfolio over the past five years. The historical migration rates reflect the probability of receivables progressing through successive aging bands to default. These historical rates were subsequently adjusted to incorporate current market conditions and relevant forward-looking macroeconomic information to derive the specific ECL rates applied to each aging band as at the reporting date.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	Lifetime ECL (Not credit impaired) RMB'000	Lifetime ECL (Credit impaired) RMB'000	Total RMB'000
As at January 1, 2024	162,664	291,122	453,786
Impairment loss recognized	199,501	18,652	218,153
Reverse of impairment loss	(23,867)	–	(23,867)
As at December 31, 2024	338,298	309,774	648,072
Impairment loss recognized	222,536	32,871	255,407
As at December 31, 2025	560,834	342,645	903,479

Contract assets

Certain customers of the Group which has a significant outstanding contract assets due to the Group with gross carrying amount of RMB27,007,000, RMB28,869,000, and RMB35,356,000 in aggregate as at December 31, 2025, December 31, 2024 and January 1, 2024, respectively, were assessed for allowance for credit losses individually. The management assessed for the allowance for credit losses for lifetime by estimating default rate taking into account historical and forward looking information. As at December 31, 2025, December 31, 2024 and January 1, 2024, allowance for expected credit losses of RMB9,989,000, RMB5,885,000, and RMB4,636,000, respectively, was made on the trade receivables due from these customers.

Other receivables

Certain debtors of the Group which has a significant outstanding other receivables due to the Group with gross carrying amount of RMB37,973,000, RMB51,296,000, and RMB46,296,000 in aggregate as at December 31, 2025, December 31, 2024 and January 1, 2024, respectively, was assessed for allowance for credit losses individually. The management assessed for the allowance for credit losses for lifetime by estimating default rate taking into account historical and forward looking information. As at December 31, 2025, December 31, 2024 and January 1, 2024, allowance for expected credit losses of RMB23,718,000, RMB31,980,000, and RMB25,088,000, respectively, was made on the trade receivables due from these customers.

SECTION V FINANCIAL STATEMENTS

37. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's policy is to regularly monitor liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

At December 31, 2025	Within 1 year or on demand RMB'000	Between 1 to 2 years RMB'000	Between 2 to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying value RMB'000
Bank loans and other borrowings	449,515	-	-	-	449,515	442,654
Trade and bills payables	599,407	-	-	-	599,407	599,407
Other payables	258,552	-	-	-	258,552	258,552
Lease liabilities	26,513	2,330	-	-	28,843	28,691
	1,327,126	2,330	-	-	1,329,456	1,329,304

At December 31, 2024	Within 1 year or on demand RMB'000	Between 1 to 2 years RMB'000	Between 2 to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying value RMB'000
Bank loans and other borrowings	786,910	10,631	-	-	797,541	762,628
Trade and bills payables	688,887	-	-	-	688,887	688,887
Other payables	215,171	240,531	-	-	455,702	455,702
Lease liabilities	21,297	13,193	-	-	34,490	33,627
	1,688,308	263,718	-	-	1,952,026	1,940,844

SECTION V FINANCIAL STATEMENTS

37. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

At January 1, 2024	Within 1 year or on demand RMB'000	Between 1 to 2 years RMB'000	Between 2 to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying value RMB'000
Bank loans and other borrowings	625,059	-	-	-	625,059	606,030
Trade and bills payables	612,219	-	-	-	612,219	612,219
Other payables	83,143	-	-	-	83,143	83,143
Lease liabilities	14,218	22,790	-	-	37,008	35,517
	1,315,610	22,790	-	-	1,338,400	1,336,909

(c) Interest rate risk

The Group's bank deposits and bank loans bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's exposure to the risk of interest rate fluctuation is very limited, as the Group does not have a floating interest rate of bank loans and other borrowings.

(d) Currency risk

The Group's principal operations are located in Mainland China and its functional currency is RMB. The Group's foreign currency risk arises primarily from cash and bank balances and certain financial assets at fair value through profit or loss ("FVTPL") which are denominated in United States dollars ("US\$").

The Group is exposed to foreign currency risk primarily associated with these US\$ denominated assets. The foreign exchange gains or losses arising from the translation of the US\$ denominated cash and bank balances are recognised in profit or loss. For US\$ denominated financial assets at FVTPL, the foreign exchange gains or losses are included in the fair value changes recognised in profit or loss.

The carrying amounts of the Group's US\$ denominated financial assets at the end of the reporting period are as follows:

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
Cash and bank balances	300,348	293,863	288,971
Financial assets at fair value through profit or loss	715,557	727,426	690,330
	1,015,905	1,021,289	979,301

SECTION V FINANCIAL STATEMENTS

37. FINANCIAL RISK MANAGEMENT (Continued)

(d) Currency risk (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against US\$. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes outstanding US\$ denominated cash and bank balances and financial assets at FVTPL, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax loss and an increase in total equity where RMB weakens 5% against US\$. For a 5% strengthening of RMB against US\$, there would be a comparable impact on the post-tax loss and total equity, and the balances below would be negative.

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
If RMB weakens 5% against US\$	38,096	38,298	36,724
If RMB strengthens 5% against US\$	(38,096)	(38,298)	(36,724)

SECTION V FINANCIAL STATEMENTS

37. FINANCIAL RISK MANAGEMENT (Continued)

(e) Categories of financial instruments

	December 31, 2025 RMB'000	December 31, 2024 RMB'000	January 1, 2024 RMB'000
Financial assets			
Financial assets at fair value through other comprehensive income	–	157,847	195,510
Financial assets at fair value through profit or loss	715,557	727,426	690,330
Financial assets at amortised cost			
– Trade and bill receivables	1,104,980	1,564,580	1,703,766
– Contract assets	17,018	22,984	30,720
– Deposits and other receivables	14,856	25,965	17,814
– Restricted bank deposits	1,552	–	2,618
– Pledged bank deposits	275,446	2,842	14,580
– Cash and cash equivalents	372,983	719,393	592,026
	1,786,835	2,335,764	2,361,524
Financial liabilities			
Financial liabilities at amortised cost			
– Trade and bills payables	599,407	688,887	612,219
– Financial liabilities included in other payables and accruals	258,552	217,233	89,055
– Provision	46,263	45,448	44,776
– Bank and other borrowings	442,654	772,438	606,030
Lease liabilities	28,691	33,627	35,517
	1,375,567	1,757,633	1,387,597

SECTION V FINANCIAL STATEMENTS

37. FINANCIAL RISK MANAGEMENT (Continued)

(f) Capital management

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

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

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity attributable to owners of the parent. Net debt includes bank loans and other borrowings, trade and bills payables, other payables and accruals and lease liabilities, less cash and bank balances and structured deposits. The gearing ratios as at the end of the reporting periods were as follows:

	December 31, 2025	December 31, 2024	January 1, 2024
	RMB'000	RMB'000	RMB'000
Bank loans and other borrowings	442,654	772,438	606,030
Trade and bills payables	599,407	688,887	612,219
Other payables and accruals	258,552	215,171	83,143
Lease liabilities	28,691	33,627	35,517
Less: Cash and bank balances	(372,983)	(719,393)	(592,026)
Net debt	956,321	990,730	744,883
Equity attributable to owners of the parent	1,978,330	2,561,034	3,044,852
Gearing ratio	48.3%	38.7%	24.5%

38. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

SECTION V FINANCIAL STATEMENTS

38. FAIR VALUE MEASUREMENTS (Continued)

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at December 31, 2025:

Description	Fair value measurements using:			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Recurring fair value measurements:				
<i>Financial assets at fair value through other comprehensive income</i>				
Unlisted equity investment	-	-	-	-
Financial assets at fair value through profit or loss				
Wealth management product	-	715,557	-	715,557
Unlisted equity investment	-	-	4,300	4,300
Total recurring fair value measurements	-	715,557	4,300	719,857

Disclosures of level in fair value hierarchy at December 31, 2024:

Description	Fair value measurements using:			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Recurring fair value measurements:				
<i>Financial assets at fair value through other comprehensive income</i>				
Unlisted equity investment	-	-	157,847	157,847
Financial assets at fair value through profit or loss				
Wealth management product	-	727,426	-	727,426
Unlisted equity investment	-	-	4,097	4,097
Total recurring fair value measurements	-	727,426	161,944	889,370

SECTION V FINANCIAL STATEMENTS

38. FAIR VALUE MEASUREMENTS (Continued)

(a) (Continued)

Disclosures of level in fair value hierarchy at January 1, 2024:

Description	Fair value measurements using:			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Recurring fair value measurements:				
<i>Financial assets at fair value through other comprehensive income</i>				
Unlisted equity investment	-	-	195,510	195,510
<i>Financial assets at fair value through profit or loss</i>				
Wealth management product	-	690,330	-	690,330
Unlisted equity investment	-	-	2,800	2,800
Total recurring fair value measurements	-	690,330	198,310	888,640

(b) Reconciliation of assets measured at fair value based on level 3:

Description	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total RMB'000
	RMB'000	RMB'000	
At January 1, 2025	157,847	4,097	161,944
Addition	-	-	-
Total gains or losses recognised			
in profit or loss*	-	203	203
in other comprehensive income	(157,847)	-	(157,847)
At December 31, 2025	-	4,300	4,300
*Include gains or losses for assets held at end of reporting period	-	203	203

SECTION V FINANCIAL STATEMENTS

38. FAIR VALUE MEASUREMENTS (Continued)

(b) (Continued)

Description	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at fair value through profit or loss RMB'000	Total RMB'000
At January 1, 2024	195,510	2,800	198,310
Addition	–	–	–
Total gains or losses recognised in profit or loss*	–	1,297	1,297
in other comprehensive income	(37,663)	–	(37,663)
At December 31, 2024	157,847	4,097	161,944
*Include gains or losses for assets held at end of reporting period	–	1,297	1,297

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at the end of reporting period:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The Chief Financial Officer reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Input	Effect on fair value for increase of inputs	Fair value as at December 31, 2025 RMB'000
Equity investment at fair value through profit or loss	Market comparable approach	PB ratio	2.46 times	Increase	4,300
		Discount for lack of marketability	26.96%	Decrease	

SECTION V FINANCIAL STATEMENTS

38. FAIR VALUE MEASUREMENTS (Continued)

(c) (Continued)

Level 3 fair value measurements (Continued)

Description	Valuation technique	Unobservable inputs	Input	Effect on fair value for increase of inputs	Fair value as at December 31, 2024 RMB'000
Equity investment at fair value through profit or loss	Market comparable approach	PB ratio	2.46 times	Increase	
		Discount for lack of marketability	26.96%	Decrease	4,097

Description	Valuation technique	Unobservable inputs	Input	Effect on fair value for increase of inputs	Fair value as at January 1, 2024 RMB'000
Equity investment at fair value through profit or loss	Market comparable approach	PB ratio	2.46 times	Increase	
		Discount for lack of marketability	26.96%	Decrease	2,800

The fair value measurements of equity investment at fair value through other comprehensive income is disclosed in Note 14.

39. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on May 3, 2026.



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