Hainan Drinda New Energy Technology Co., Ltd.
海南鈞達新能源科技股份有限公司

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

(Stock Code: 02865)

INSIDE INFORMATION
ANNOUNCEMENT IN RELATION TO THE PROVISION FOR IMPAIRMENT ON CREDIT AND ASSETS FOR 2025

This announcement is made by Hainan Drinda New Energy Technology Co., Ltd. (the "**Company**") pursuant to Rules 13.09(2)(a) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). In the event of any discrepancy between the Chinese and the English versions, the Chinese version shall prevail.

In accordance with the Accounting Standards for Business Enterprises and the Stock Listing Rules of Shenzhen Stock Exchange and other relevant regulations, to objectively and fairly reflect the assets and financial condition of the Company as of December 31, 2025, the Company conducted comprehensive reviews and impairment tests for all types of assets based on the principle of conservatism. The total impairment provisions made for various credit and assets in 2025 amounted to RMB438.7629 million. Such provisions for impairment are not required to be submitted to the board of directors or general meetings for consideration, the details of which are hereby announced as follows:

I. BASIS AND DETAILS FOR THE PROVISION FOR IMPAIRMENT

In accordance with the relevant requirements under the Accounting Standards for Business Enterprises No. 8 – Asset Impairment and the relevant financial accounting systems of the Company, after carrying out a comprehensive investigation and analysis on the indication of impairment of the assets of the Company in the consolidated financial statements as of December 31, 2025, and conducting tests by types of assets, the Company made provisions for impairment on credit and assets in respect of those assets that may have incurred impairment losses.

(I) **Scope and amount of assets subject to provision for impairment**

Unit: RMB0,000

Item	Name of Asset	Provision Amount
Credit impairment loss (Loss is represented by "-" signs)	Bills receivables	42.72
	Account receivables	-134.40
	Other receivables	-49.10
	Sub-total	**-140.78**
Asset impairment loss (Loss is represented by "-" signs)	Fixed assets	-26,609.77
	Inventories	-11,863.04
	Goodwill	-5,262.70
	Sub-total	**-43,735.51**
Total		**-43,876.29**

The reporting period in which the provisions for impairment are made is from January 1, 2025 to December 31, 2025.

(II) **Details of provisions for asset impairment**

1. Details of Impairment Provision for Account Receivables

The Company provides provision for impairment for receivables, including bills receivables, account receivable, and other receivables, according to their applicable expected credit loss measurement methods and recognizes the expected credit losses. The Company provides provision for expected credit losses on an individual basis for receivables in which its credit risk differs significantly from that of the portfolio. In addition to receivables being assessed individually for credit risk, the Company classifies receivables into different groups based on common risk characteristics and assesses credit risk on a portfolio basis.

In accordance with the Accounting Standards for Business Enterprises and the relevant accounting policies of the Company, and based on the principle of conservatism, the Company made a provision for bad debts totalling RMB1.4078 million on account receivables for 2025.

2. Explanation of the Provision for Inventory Impairment

The inventory of the Company primarily consists of raw materials, work-in progress, finished goods, and goods in transit. At the end of the period, a provision for inventory diminution in value shall be recognized by the Company for the amount by which the cost of individual inventory item exceeds its net realizable value. For inventories held for direct sale, the net realizable value shall be determined by deducting estimated selling expenses and related taxes from the estimated selling price of the inventories in the normal course of business operations. For material inventories requiring further processing, the net realizable value shall be determined by deducting the estimated costs to complete the production process, estimated selling expenses, and related taxes from the estimated selling price of the finished products in the normal course of production operations. At the balance sheet date, for an inventory item in which a portion is subject to contractual price while the remainder is not, its net realizable value is determined and compared with its corresponding costs respectively to recognize the amount of provision or reversal of provision, for the diminution in value of inventories.

In accordance with the Accounting Standards for Business Enterprises and the relevant accounting policies of the Company, and based on the principle of conservatism, the Company made a provision for inventory impairment of RMB118.6304 million for 2025.

3. Explanation of Goodwill Impairment Provision

Given that goodwill cannot generate cash flow independently, an impairment test is conducted in conjunction with the related asset groups or portfolio of asset groups. The related asset groups or portfolio of asset groups refer to those that can benefit from the synergy effect resulting from the merger of enterprises.

When conducting an impairment test on the related asset groups or portfolio of asset groups that contain(s) goodwill, if there are indications of impairment of goodwill for the related asset groups or portfolio of asset groups, the impairment test for the asset groups or portfolio of asset groups that do not contain goodwill will be conducted first and calculate the recoverable amount, and compare it with the related carrying amount to confirm the corresponding impairment loss. Then, the asset groups or portfolio of asset groups including goodwill are tested for impairment. Comparing the carrying amount (including the carrying amount of goodwill amortized) of the asset groups or portfolio of asset groups and their recoverable amounts, where the recoverable amount of relevant asset groups or portfolio of asset groups is lower than its carrying amount, the difference is recognized as impairment loss. In the first place, the amount of impairment loss shall be amortized to the book value of goodwill of the corresponding asset groups or portfolio of asset groups. Then according to the proportion of the book value of other assets, excluding the goodwill, with respect to the corresponding asset groups or portfolio of asset groups, the book value of the said assets shall be deducted, and the impairment loss is recognized accordingly.

In accordance with the Accounting Standards for Business Enterprises and the relevant accounting policies of the Company, and based on the principle of conservatism, the Company provided a goodwill impairment of RMB52.6270 million. Among which, RMB2.6209 million represented the goodwill arising from the recognition of deferred income tax liabilities by the Company, for which an equivalent amount of goodwill impairment was provided as the deferred income tax liabilities were reversed. In addition, RMB50.0061 million represented the goodwill impairment provided based on the assessment results of the recoverable amount of the asset group including goodwill, which was conducted by an asset appraisal institution with the qualification for securities service business engaged by the Company as at the end of 2025.

4. ***Explanation of the Provision for Impairment of Fixed Assets***

If there are indications of impairment in long-term assets such as fixed assets at the balance sheet date, an impairment test shall be carried out. If the result of the impairment test indicates that the recoverable amount of an asset is lower than its carrying amount, an impairment provision shall be made according to the difference and included in the impairment loss. The recoverable amount is the higher of the fair value of the asset less disposal costs and the present value of the asset's expected future cash flows.

In accordance with the Accounting Standards for Business Enterprises and the relevant accounting policies of the Company, and based on the principle of conservatism, the Company engaged an asset appraisal institution with the qualification for securities service business to assess the recoverable amount of assets with impairment indications as of the end of 2025. Based on the assessment results, the Company made a provision for impairment of fixed assets of RMB266.0977 million.

II. EXPLANATION OF THE REASONABLENESS OF THE PROVISION FOR IMPAIRMENT AND ITS IMPACT ON THE COMPANY

(I) Explanation of the Reasonableness

The provision for credit and asset impairment is based on the principle of conservatism, and in accordance with the Accounting Standards for Business Enterprises and the relevant financial accounting systems of the Company, to objectively and fairly reflect the financial position, asset value and operating results of the Company as of the balance sheet date. The basis and reasons of the provision for impairment are reasonable and adequate, in line with the actual situation of the Company and without prejudice to the interests of the Company and shareholders.

(II) Impact on the Company

The Company made provisions for credit and asset impairment totalling RMB438.7629 million in 2025, representing a corresponding decrease in its total profit of RMB438.7629 million in 2025. The above issues have been audited by ZhongHui Certified Public Accountants LLP. (中匯會計師事務所(特殊普通合夥)).

By order of the Board
Hainan Drinda New Energy Technology Co., Ltd.
Mr. Lu Xuyang
Chairperson of the Board, Executive Director

Hong Kong, March 30, 2026

As of the date of this announcement, the Board comprises Mr. Lu Xuyang, Mr. Zhang Manliang and Mr. Zheng Hongwei as executive directors; Mr. Xu Xiaoping and Mr. Xu Yong as non-executive directors; Ms. Zheng Hong as employee representative director; and Dr. Shen Wenzhong, Dr. Mao Xiaoying, Mr. Ma Shuli, and Mr. Zhang Liang as independent non-executive directors.