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TIANNENG POWER INTERNATIONAL LIMITED

天能動力國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00819)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2026**

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Tianneng Power International Limited (the “**Company**”) announces the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**” or “**Tianneng**”) for the six months ended 30 June 2026, together with the comparative figures for the same period in 2025. These condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company’s independent external auditors and the audit committee of the Company (the “**Audit Committee**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
	NOTES	RMB'000 (unaudited)	RMB'000 (unaudited)
Revenue	3	22,683,097	24,191,916
Cost of sales		(20,366,899)	(21,655,008)
Gross profit		2,316,198	2,536,908
Other income	5	534,150	889,227
Other gains and losses	6	65,144	4,059
Impairment losses (including reversals of impairment losses or impairment gains) on financial assets		(87,556)	10,762
Distribution and selling expenses		(615,299)	(592,053)
Administrative expenses		(612,462)	(561,364)
Research and development costs		(975,126)	(941,991)
Share of results of associates		2,518	(6,272)
Finance costs		(210,653)	(235,375)
Profit before tax		416,914	1,103,901
Income tax expense	7	(85,774)	(181,423)
Profit for the period	8	331,140	922,478

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

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Other comprehensive expense:		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of income tax	<u>(8,919)</u>	<u>(18,139)</u>
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>2,890</u>	<u>(431)</u>
Other comprehensive expense for the period, net of income tax	<u>(6,029)</u>	<u>(18,570)</u>
Total comprehensive income for the period	<u>325,111</u>	<u>903,908</u>
Profit for the period attributable to:		
Owners of the Company	284,200	819,768
Non-controlling interests	<u>46,940</u>	<u>102,710</u>
	<u>331,140</u>	<u>922,478</u>

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

For the six months ended 30 June 2026

	<i>NOTE</i>	Six months ended 30 June	
		2026	2025
		<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Total comprehensive income for the period			
attributable to:			
Owners of the Company		278,171	801,198
Non-controlling interests		46,940	102,710
		325,111	903,908
Earnings per share	<i>10</i>		
– Basic (RMB cents)		25.24	72.80
– Diluted (RMB cents)		25.24	72.80

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

		30/06/2026	31/12/2025
	NOTE	RMB'000	RMB'000
		(unaudited)	(audited)
Non-current Assets			
Property, plant and equipment		13,685,869	13,969,353
Right-of-use assets		1,355,034	1,356,838
Goodwill		499	499
Interests in associates		346,276	342,198
Interests in a joint venture		17,200	17,200
Equity instruments at FVTOCI		204,762	212,771
Deferred tax assets		954,470	958,162
Prepayments for acquisition of property, plant and equipment		237,175	217,246
Loan receivables		170,189	75,874
Pledged/restricted bank deposits		136,226	4,039,280
		<u>17,107,700</u>	<u>21,189,421</u>
Current Assets			
Inventories		8,521,124	7,695,627
Properties under development for sale/properties for sale		921,243	905,743
Bills, trade and other receivables	11	7,683,320	6,342,613
Loan receivables		423,069	574,330
Amounts due from related parties		26,767	22,347
Debt instruments at FVTOCI		440,471	391,142
Financial assets at fair value through profit or loss ("FVTPL")		5,152,546	3,018,417
Pledged/restricted bank deposits		19,926,513	6,484,383
Time deposits		1,380,000	690,000
Cash and cash equivalents		7,267,413	7,825,395
		<u>51,742,466</u>	<u>33,949,997</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 30 June 2026

	NOTE	30/06/2026 RMB'000 (unaudited)	31/12/2025 RMB'000 (audited)
Current liabilities			
Bills, trade and other payables	12	17,649,741	16,555,647
Amounts due to related parties		271,204	224,849
Derivative financial instruments		7,438	48,812
Taxation liabilities		77,746	202,403
Borrowings – current portion		23,183,215	10,309,173
Bonds – current portion		504,093	–
Lease liabilities		14,561	6,493
Provisions		437,165	499,067
Contract liabilities		1,421,321	2,072,606
		<u>43,566,484</u>	<u>29,919,050</u>
Net Current Assets		<u>8,175,982</u>	<u>4,030,947</u>
Total Assets less Current Liabilities		<u>25,283,682</u>	<u>25,220,368</u>
Non-current liabilities			
Deferred tax liabilities		32,320	77,869
Borrowings – non-current portion		2,227,995	3,321,713
Bonds – non-current portion		1,336,843	–
Lease liabilities		26,555	29,526
Deferred government grants		1,452,272	1,473,153
		<u>5,075,985</u>	<u>4,902,261</u>
Net assets		<u>20,207,697</u>	<u>20,318,107</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)**At 30 June 2026*

		30/06/2026	31/12/2025
	<i>NOTE</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(audited)
Capital and reserves			
Share capital	<i>13</i>	109,850	109,850
Share premium and reserves		17,107,427	17,188,576
Equity attributable to owners of the Company		17,217,277	17,298,426
Non-controlling interests		2,990,420	3,019,681
Total Equity		20,207,697	20,318,107

1. BASIS OF PREPARATION

Tianneng Power International Limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 16 November 2004 and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) with effect from 11 June 2007. The Company and its subsidiaries are collectively referred to as the “**Group**”.

The Group’s condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

2. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2026 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2026 <i>RMB'000</i> (unaudited)	2025 <i>RMB'000</i> (unaudited)
An analysis of revenue is as follows:		
Manufacturing business		
Lead-acid battery products	19,123,978	18,292,243
Renewable resources product	2,127,526	1,800,192
Lithium-ion battery products	872,485	501,247
Others	446,565	574,554
Trading	112,543	3,023,680
	<u>22,683,097</u>	<u>24,191,916</u>
Geographical markets		
Mainland China	22,334,817	23,966,127
Others	348,280	225,789
	<u>22,683,097</u>	<u>24,191,916</u>
Timing of revenue recognition		
A point in time	22,643,803	24,162,283
Over time	39,294	29,633
	<u>22,683,097</u>	<u>24,191,916</u>

4. SEGMENT INFORMATION

The operation of the Group constitutes two operating and reportable segments, (1) manufacturing business and (2) trading, which are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

The following is an analysis of the Group's revenue and results by operating and reportable segments for the period:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Segment revenue		
Manufacturing business		
– external sales	22,570,554	21,168,236
Trading		
– external sales	112,543	3,023,680
– inter-segment sales	1,064,089	1,054,562
Segment revenue	23,747,186	25,246,478
Eliminations	(1,064,089)	(1,054,562)
Group revenue	22,683,097	24,191,916
Segment result		
Manufacturing business	281,329	925,629
Trading	(9,223)	12,596
	272,106	938,225
Unallocated		
Other gains and losses	65,144	4,059
Share of results of associates	2,518	(6,272)
Corporate administrative expenses	(6,170)	(3,899)
Financial costs	(2,458)	(9,635)
Profit for the period	331,140	922,478

5. OTHER INCOME

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Government grants		
– grants related to income (<i>note i</i>)	295,905	675,669
– grants related to assets (<i>note ii</i>)	56,325	43,378
Interest income	140,338	120,080
Income from sales of scrap materials	41,429	47,059
Dividend income	153	3,041
	534,150	889,227

Notes:

- i. The government grants related to income mainly represent unconditional government subsidies received from relevant government bodies to encourage the operations of certain subsidiaries. The government grants are accounted for as immediate financial support with no future related costs expected to be incurred and are not related to any assets.
- ii. The government grants related to assets mainly represent government subsidies obtained in relation to the acquisition of land use right or equipment of certain subsidiaries of the Group, which were included in the condensed consolidated statement of financial position as deferred government grants and credited to profit or loss on a straight-line basis over the lease term of the land use right or the useful life of the equipment.

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Gains (losses) from changes in fair value of financial assets at FVTPL		
– structured bank deposits	36,246	34,417
– investments in listed equity securities	13,647	2,944
– foreign currency forward contracts	(18,852)	(15,811)
– commodity derivative contracts	35,648	(21,544)
Loss on disposal of property, plant and equipment	(8,174)	(8,659)
Net foreign exchange losses	(8,618)	(2,382)
Others	15,247	15,094
	<u>65,144</u>	<u>4,059</u>

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
People's Republic of China (the "PRC")		
Enterprise Income Tax ("EIT")		
– Current tax	78,541	264,300
Deferred tax		
Current period	7,233	(82,877)
	<u>85,774</u>	<u>181,423</u>

The Company was incorporated in the Cayman Islands and Tianneng International Investment Holdings Limited was incorporated in the British Virgin Islands (the “BVI”) and as such are tax exempted as no business carried out in the Cayman Islands and the BVI under the tax laws of the Cayman Islands and the BVI, respectively.

The subsidiaries of the Company operating in Hong Kong did not have tax assessable profit during both periods.

The income tax expense of the Group is recognised based on the PRC EIT rate of 25% during both periods. Certain subsidiaries of the Group were accredited as High-tech companies and enjoyed a tax rate of 15%.

8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	626,869	611,529
Depreciation of right-of-use assets	22,960	17,635
Total depreciation	649,829	629,164
Capitalised in inventories	(475,642)	(454,387)
	174,187	174,777
Write-down of inventories (included in cost of sales)	94,477	72,562

9. DIVIDENDS

Six months ended 30 June

2026	2025
<i>RMB'000</i>	<i>RMB'000</i>
(unaudited)	(unaudited)

Dividends declared during the period:

2025 final dividend of Hong Kong dollar (“HK\$”) 36.00 cents (approximately equivalent to RMB31.81 cents) per ordinary share	358,220	–
2024 final dividend of HK\$17.00 cents (approximately equivalent to RMB15.66 cents) per ordinary share	–	176,406
	<u>358,220</u>	<u>176,406</u>

The directors did not recommend the payment of an interim dividend for the six months ended 30 June 2026 and 30 June 2025.

10. EARNINGS PER SHARE

Six months ended 30 June

2026	2025
<i>RMB'000</i>	<i>RMB'000</i>
(unaudited)	(unaudited)

Earnings:

Earnings for the purposes of calculating basic and diluted
earnings per share

– attributable to owners of the Company

<u>284,200</u>	<u>819,768</u>
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Six months ended 30 June

2026	2025
(unaudited)	(unaudited)

Number of shares:

Weighted average number of ordinary shares for the purpose of
calculating basic and diluted earnings per share

<u>1,126,124,500</u>	<u>1,126,124,500</u>
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11. BILLS, TRADE AND OTHER RECEIVABLES

	30/06/2026 <i>RMB'000</i> (unaudited)	31/12/2025 <i>RMB'000</i> (audited)
Bills receivables*	3,014,212	3,482,491
Trade receivables	3,442,831	1,997,508
Less: Allowance for credit losses	(344,411)	(272,648)
	<u>3,098,420</u>	<u>1,724,860</u>
Other receivables	207,172	176,611
Less: Allowance for credit losses	(57,745)	(39,096)
	<u>149,427</u>	<u>137,515</u>
Prepayments for materials	514,174	332,979
PRC value added tax and EIT recoverable	907,087	664,768
	<u>7,683,320</u>	<u>6,342,613</u>

- * The balance represents bills receivables held by the Group which is measured at amortised cost since the bills are held within a business model whose objective is to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. Bills receivables held by the Group as at 30 June 2026 will mature within 1 year.

For manufacturing business, the normal credit term is 45 to 90 days upon delivery. For trading business, customers are normally required to make full prepayment before goods delivery.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice date.

	30/06/2026 <i>RMB'000</i> (unaudited)	31/12/2025 <i>RMB'000</i> (audited)
0 to 45 days	2,490,663	1,145,163
46 to 90 days	380,656	439,226
91 to 180 days	43,547	75,890
181 to 365 days	150,794	14,350
1 year to 2 years	26,592	47,378
Over 2 years	6,168	2,853
	3,098,420	1,724,860

12. BILLS, TRADE AND OTHER PAYABLES

	30/06/2026 <i>RMB'000</i> (unaudited)	31/12/2025 <i>RMB'000</i> (audited)
Trade payables	3,106,715	2,687,641
Bills payables (<i>Note</i>)	10,968,480	10,105,263
Value added tax payables and other tax payables	480,302	455,668
Staff salaries and welfare payables	465,397	583,224
Payables for purchase of property, plant and equipment	959,025	1,391,780
Accrued charges	627,212	646,498
Deposits payables	526,177	534,037
Dividend payables	366,604	723
Other payables	149,829	150,813
	17,649,741	16,555,647

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoice amounts from the bank on the maturity date of the bills. The Group continues to recognise these trade payables as the Group is obliged to make payments to the relevant banks on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the condensed consolidated statement of cash flows, settlements of these bills by the Group are included within operating cash flows based on the nature of the arrangements.

The following is an aged analysis of trade payables, presented based on invoice date at the end of the reporting period:

	30/06/2026	31/12/2025
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
0 – 90 days	2,782,451	2,197,013
91 – 180 days	165,176	292,252
181 – 365 days	44,299	77,601
1 – 2 years	39,895	28,919
Over 2 years	74,894	91,856
	3,106,715	2,687,641

The following is an aged analysis of bills payables from issue date at the end of the reporting period:

	30/06/2026	31/12/2025
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
0 – 180 days	10,961,845	10,105,263
181 – 365 days	6,635	–
	10,968,480	10,105,263

13. SHARE CAPITAL

	Number of shares	Amount <i>RMB'000</i>
Ordinary shares of the Company with nominal value of HK\$0.10 each		
Authorised:		
At 1 January 2025 (audited), 30 June 2025 (unaudited), 1 January 2026 (audited) and 30 June 2026 (unaudited)	2,000,000,000	212,780
Issued and fully paid:		
At 1 January 2025 (audited), 30 June 2025 (unaudited), 1 January 2026 (audited) and 30 June 2026 (unaudited)	1,126,124,500	109,850

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY PROFILE

Tianneng Power International Limited (the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**” or “**Tianneng**”) was founded in 1986 and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in 2007 (stock code: 00819.HK). It is headquartered in the People’s Republic of China (the “**PRC**” or “**China**”). Focusing on power and energy application needs, the Group has built an integrated industrial ecosystem centered on lead-acid batteries, with the coordinated development of lithium-ion (Li-ion) batteries, a diversified portfolio of technology platforms and resource recycling business. Its operations cover research and development (R&D), manufacturing, sales, services, recycling and resource recovery, offering customers a diversified range of battery products and energy solutions.

The Group’s light motive battery business draws its core strengths from large-scale manufacturing capabilities accumulated over many years, an extensive channel and service network, and a battery recycling and reuse system. While consolidating the fundamentals of its light motive battery business, the Group has extended its product scope to industrial motive power, automotive batteries, energy storage and backup power supply applications and, having regard to technological maturity and commercial viability, has advanced product development and application validation for Li-ion batteries, sodium-ion batteries, solid-state batteries and hydrogen fuel cells in phases. The Group has also steadily built overseas production, supply chain and market service capabilities, driving its business from product exports toward more localized operations.

OPERATION REVIEW

During the six months ended 30 June 2026 (the “**Reporting Period**”), market demand, product mix and the competitive landscape in the battery industry continued to evolve. Affected by factors including intensifying market competition and rising raw material costs, the Group’s operating results came under year-on-year pressure. Facing a complex operating environment, and drawing on its existing industrial base and core strengths while responding to demand across different application scenarios, the Group continued to optimize its business structure and resource allocation with a focus on battery manufacturing, resource recycling, new energy technologies and international development. It promoted the steady operation of its traditional advantageous businesses, accelerated capability building in emerging businesses and strengthened industrial synergies between its recycling businesses, while continuously enhancing R&D and innovation, intelligent manufacturing, market services and global operating capabilities, so as to build momentum for subsequent operational recovery and long-term development.

Against the backdrop of the full implementation of the Safety Technical Specification for Electric Bicycle (《電動自行車安全技術規範》) (GB 17761-2024, hereinafter the “**New National Standard for Electric Bicycles**”), continued differentiation in consumer demand and intensifying industry competition, the product structure and competitive dynamics of the light motive market evolved further. Industry competition has gradually shifted from competition on products and prices alone to competition across a broader set of capabilities, including product performance, cost efficiency, supply assurance, channel operations and user services. Leveraging its long-established brand strength, manufacturing footprint and channel network, the Group actively adapted to market changes, continued to refine product supply and market strategies, and kept sales volumes of its core products broadly stable. On this basis, operating performance in the second quarter improved as compared with the first quarter, and the stability and resilience of the business fundamentals became further evident.

Guided by market demand and a focus on delivering value throughout the product lifecycle, the Group continued to advance the iteration and scenario-based configuration of eco-friendly light motive battery products, strengthened collaborative innovation in materials technology, structural design, production processes and manufacturing management, and enhanced its product portfolio for two-wheeled electric vehicles, three-wheeled electric vehicles and other light motive applications, continuously improving overall product performance in safety, range, cycle life and environmental adaptability. At the same time, the Group strengthened coordination among R&D, procurement, manufacturing and marketing, and continued to raise production efficiency, supply assurance and market responsiveness.

In respect of channels and services, the Group deepened the development of digital channels, promoted effective linkage among online market reach, offline product delivery and end-customer services, enhanced market insights, retail sales support, inventory coordination and refined regional operations, and further improved its systems for product delivery, testing and maintenance, and after-sales response. By deepening collaboration with distributors and other frontline service partners, the Group continuously enhanced channel operating capabilities and the efficiency of user services, consolidating a long-term, stable and sustainable market foundation.

While consolidating the eco-friendly light motive battery market, the Group's industrial motive batteries, automotive batteries, backup power supply and other niche businesses continued to play a role in diversifying its product portfolio. The industrial motive battery business continued to deepen cooperation with construction machinery customers, advanced the integration of manufacturing resources and actively expanded overseas markets, with sound order performance and capacity utilization; the automotive battery and backup power supply businesses continued to improve their product series, with scenario adaptation and overseas certification advancing steadily. The Group will drive its advantageous manufacturing capabilities to extend to higher value-added niche scenarios with stronger customer stickiness, reducing reliance on any single market.

During the Reporting Period, the Group's Li-ion battery business achieved year-on-year growth in operating income, with continued improvement in operating performance. Guided by the differentiated requirements of application scenarios for safety performance, energy density, cycle life and full-lifecycle cost, the Group continued to optimize its product and business structure, focusing on advancing market applications of Li-ion batteries in light motive power, industrial motive power, energy storage and backup power supply, and continuously enhancing product development, market expansion and comprehensive service capabilities.

In the light motive power field, the Group continued to refine its product layout around OEM vehicle matching, shared mobility, battery swapping services and channel markets, further expanding its customer and channel base. In the industrial motive field, the Group focused on applications in forklifts, construction machinery, intelligent warehousing and other special industrial vehicles, continuously advancing product introduction and customer cooperation, and improving motive power solutions adapted to different operating conditions.

In the energy storage systems (ESS) segment, as market mechanisms for emerging energy storage continued to improve, industry competition gradually shifted from competition on products and prices alone to competition across system safety, solution design, project delivery and operation services. Centered on industrial and commercial, grid-side and other application scenarios, the Group continued to advance energy storage product development, the improvement of system solutions and project delivery, and actively explored business models for collaborative project development with industrial capital and regional partners.

The Group positions sodium-ion batteries, solid-state batteries and hydrogen fuel cells as medium- to long-term technology and product reserves, and adopts differentiated pathways according to their respective maturity. For sodium-ion batteries, the focus is on exploring applications such as light motive power, automotive low-voltage systems and low-temperature environments. For solid-state batteries, product validation is being advanced in light motive power and emerging scenarios where high safety and high specific energy are required. For hydrogen fuel cells, R&D continues on high-power systems and key components, while applications in heavy-duty transportation and other fields are being explored. Having regard to technological maturity, market demand and conditions for industrialization, the Group will pace R&D investment and the commercialization of results in a measured manner, continuously strengthen its diversified technology reserves, and support medium- to long-term business development.

The recycling industry is an important capability that sets the Group apart from pure battery manufacturers. Given the different characteristics of lead-acid batteries and Li-ion batteries in recycling sources, treatment processes and applications of regenerated products, the Group has built resource recycling and comprehensive utilization systems suited to their respective business models. Through efficient resource utilization and synergies across the battery industry chain, the Group continued to improve systems for the recycling, treatment and resource utilization of used lead-acid batteries and retired Li-ion batteries, enhancing capabilities in feedstock organization, production operations, technical processes and compliance management.

During the Reporting Period, against the backdrop of changes in relevant metal market prices and supply-demand conditions, the Group actively seized market opportunities, strengthened coordination among procurement, production and sales, and recorded an improvement in the operating performance of related businesses. Leveraging the Group's production and market networks, the lead-acid battery recycling business continued to promote the reuse of regenerated materials in battery manufacturing, further reinforcing advantages in resource assurance and closed-loop industry operations. The Li-ion battery recycling business continued to improve systems for feedstock acquisition, production treatment and product sales focused on the resource utilization of retired batteries and production scrap. Going forward, the Group will continue to track changes in feedstock and product prices, reasonably optimize procurement, inventory and production-sales arrangements in light of market conditions, and further enhance the operating quality, risk response capabilities and industrial synergy value of the recycling industry.

In respect of international development, the Group drove its international business from product exports and market expansion toward deeper regionalized operations, localized supply and the building of comprehensive service capabilities, advancing product certification, customer development, channel building and the improvement of local service systems in key countries and regions. During the Reporting Period, operating capabilities at the Group’s production bases in Vietnam and elsewhere steadily improved, with related capacity released in an orderly manner, further strengthening the Group’s supply assurance and customer responsiveness in overseas markets. At the same time, having regard to the demand characteristics, regulatory standards and industrial conditions of different markets, the Group strengthened coordination between domestic R&D and manufacturing and overseas production, supply chains and market services and, through diversified models such as distribution cooperation, customer collaboration and project cooperation, continued to consolidate the foundation for international business development.

INDUSTRY DEVELOPMENT AND OPERATING CONDITIONS

(I) High-end Eco-friendly Batteries

High-end eco-friendly batteries are one of the Group’s core businesses, mainly comprising eco-friendly light motive batteries, industrial motive batteries, automotive batteries and backup power supply product series. During the Reporting Period, the Group’s high-end eco-friendly battery business recorded operating income of approximately RMB19.124 billion.

1. *Eco-friendly Light Motive Batteries*

The Group’s eco-friendly light motive lead-acid batteries are mainly used in electric bicycles, light electric motorcycles, electric motorcycles, electric three-wheeled vehicles and related fields. China has a large existing market for light electric vehicles. According to the “2026 Research Report on China’s Two-Wheeled Electric Vehicle Industry” by iResearch, the number of two-wheeled electric vehicle in use in China has exceeded 400 million units. Data from China Motorcycle Chamber of Commerce indicates that, nationwide sales of electric motorcycles in 2025 were approximately 3.5062 million units; in the first half of 2026, newly registered electric motorcycles numbered approximately 3 million units, pointing to growth in market demand for related vehicle models. Electric three-wheeled vehicles continued to play a role in urban and rural mobility, commercial logistics and production and transportation scenarios, together forming a multi-tiered application market for lead-acid motive batteries.

On the policy front, the newly revised New National Standard for Electric Bicycles has been implemented since 1 September 2025, and the transitional period for sales of vehicles under the old standard ended on 30 November of the same year. The new standard further strengthens requirements on fire resistance and flame retardancy, anti-tampering, product consistency and identification and traceability, and raises the upper limit of whole-vehicle mass for models using lead-acid batteries from 55 kg to 63 kg, providing certain room for compliant models to enhance range capability and optimize product configuration. Meanwhile, electric motorcycles and electric three-wheeled vehicles are managed under the respective motor vehicle technical standards, product access announcements and registration systems. Relevant policies and standards continue to drive light electric vehicle products toward greater safety, standardization and branding, and also prompt vehicle manufacturers to further raise requirements on batteries and other core components in respect of safety performance, product consistency, matching validation and supply assurance, and to strengthen collaborative development and quality control with core component suppliers.

During the Reporting Period, affected by factors including the early release of part of demand as a result of the switch between old and new standards in the previous year, demand for the new electric bicycles underwent some adjustments; electric motorcycles, electric three-wheeled vehicles and other niche markets showed differentiated development. As requirements for vehicle safety, product consistency and anti-tampering management increased, battery procurement further concentrated toward OEM matching and leading vehicle manufacturers, and the light electric vehicle battery market gradually shifted from channel competition to comprehensive competition in OEM matching, replacement channels and terminal service capabilities.

Facing changes in market structure, and leveraging its brand foundation, product system, nationwide manufacturing layout and delivery capabilities, the Group proactively adapted to market trends and deepened product development, supply assurance and service collaboration with major vehicle manufacturers. During the Reporting Period, the Group's sales volume of lead-acid motive batteries for light electric vehicles remained overall stable, and cooperation with major vehicle manufacturers continued to deepen. Facing changes in the operating environment including market competition, customer structure and overall costs, the Group continued to advance production-sales coordination, product specification optimization, production automation, energy efficiency improvement and optimization of regional capacity layout, further enhancing cost control and rapid delivery capabilities, and improving business operating quality and market adaptability.

While deepening cooperation with vehicle manufacturers, the Group continued to attach importance to the long-term value of the replacement market and channel partners, enhancing channel operations, terminal sales support and service capabilities, strengthening terminal reach, inventory turnover and refined management of regional markets, and working with distributors to further extend its service network to the terminal level. The Group also improved the efficiency of terminal testing, product replacement and user response by building directly operated after-sales service stations, advancing regionalized closed-loop services and pre-sale services. Going forward, the Group will adapt to changes in industry chain structure and channel models, coordinate the development of cooperation with vehicle manufacturers, the replacement market and the channel ecosystem, consolidate its comprehensive competitive advantages through product quality, cost efficiency, delivery assurance and terminal services, steadily adapt to market structural adjustments, and continuously consolidate its leading position in the light electric vehicle motive battery market.

While consolidating its competitive advantages in the domestic market, the Group actively seized development opportunities in overseas light electric vehicle markets, treating overseas business as an important avenue for expanding long-term growth. During the Reporting Period, the Group continued to advance product adaptation, certification and market access, channel expansion and the building of localized supply and service capabilities; its Vietnam production base continued to support regional production and delivery; and the Group actively prepared for localized contract manufacturing and sales in Indonesia, with a view to gradually enhancing local supply and service capabilities for the Indonesian market. In other key overseas markets, having regard to local regulatory standards, climate conditions, vehicle types and user needs, the Group advanced product introduction and service network building in an orderly manner. By strengthening coordination among domestic R&D and manufacturing, cross-border supply chains, local partners and market service systems, the Group continuously enhanced supply assurance, delivery responsiveness and localized operating capabilities for its overseas business.

2. *Other High-end Eco-friendly Batteries*

In addition to eco-friendly light motive batteries, the Group continued to advance the development of industrial motive batteries, automotive batteries, backup power supply and other businesses and, having regard to the technical requirements and customer needs of different application fields, improved its product portfolio and service solutions.

(1) *Industrial Motive Batteries*

In the industrial motive battery field, centered on lead-acid batteries, the Group has long accumulated comprehensive capabilities covering product R&D, large-scale manufacturing, quality control, customer collaboration and after-sales services, and is able to provide differentiated product solutions for high-frequency operations, heavy-duty operation and complex operating conditions. During the Reporting Period, the Group continued to refine its product layout for electric forklift, automated guided vehicles, port equipment, intelligent warehousing and other scenarios, deepened collaboration with leading OEMs and key customers, fully leveraged its advantages in large-scale manufacturing and stable delivery, promoted the efficient utilization of tubular battery capacity.

The Group's industrial motive batteries won the "Jinli Award" of China Industrial Vehicles and Mobile Robots for the third consecutive year, with product reliability, scenario adaptability and service capabilities continuing to receive industry recognition. Leveraging advantages in scaled manufacturing, stable delivery, customer base and service network, the Group further optimized its high value-added product structure and collaborated with core customers to expand markets in the Asia-Pacific, Central Asia, Europe and the Americas, continuously enhancing the earnings resilience and development potential of the industrial motive battery business.

(2) *Others*

In the automotive battery field, the Group focused on the automotive starting and vehicle auxiliary power markets, and continued to advance product upgrades, customer expansion and improvements in operating efficiency. During the Reporting Period, the Group completed series upgrades of its flagship products, covering AGM, EFB, SLI, commercial vehicles and parking air-conditioning dedicated categories, among others; it also further enriched high-temperature-resistant and vehicle auxiliary power product solutions, enhancing adaptability to different vehicle models, climate environments and operating conditions. The Group actively expanded OEM front-fit matching business and, leveraging brand, large-scale manufacturing, channel network and after-sales service advantages, consolidated the aftermarket. The scale of the automotive battery business continued to grow. Going forward, the Group will continue to focus on product competitiveness, breakthroughs with key customers and optimization of cost efficiency, driving the coordinated enhancement of scale and profitability in the automotive battery business.

The Group's lead-acid backup battery products are mainly used in communications base stations, data centres, industrial facilities and other fields. Guided by the requirements of backup power supply scenarios for safety, operating stability, float charge life and environmental adaptability, the Group continued to optimize the product design, material systems and manufacturing processes of lead-acid batteries, and advanced the adaptation, certification and market expansion of related products in communications backup power supply, data infrastructure and industrial power assurance scenarios.

(II) New Energy Batteries

The Group remains committed to new energy development and, along technology pathways including Li-ion batteries, solid-state batteries, hydrogen fuel cells and sodium-ion batteries, continues to advance technology R&D, product iteration and the expansion of application scenarios, continuously improving its diversified new energy battery product system.

1. *Li-ion Batteries*

The Group's Li-ion battery business mainly covers application fields such as energy storage and light motive power. In energy storage, centered on cell R&D, system integration and project delivery, the Group continued to improve energy storage products and solutions for the power generation side, grid side and user side; in light motive power, it focused on electric two- and three-wheeled vehicles, low-speed electric vehicles and other motive scenarios, advancing product upgrades and market expansion. During the Reporting Period, the Group's Li-ion battery business recorded operating income of approximately RMB872 million.

(1) *Energy Storage Business*

As installed capacity of new energy continues to grow and the need for power system regulation rises, new-type energy storage is gradually expanding from a policy-driven co-located storage model to diversified scenarios such as independent energy storage, industrial and commercial energy storage, microgrids and virtual power plants. The Special Action Plan for Large-scale Construction of New-type Energy Storage (2025-2027) issued by the National Development and Reform Commission and the National Energy Administration of the PRC proposes that, by 2027, nationwide installed capacity of new-type energy storage should reach more than 180 million kW, expected to drive direct project investment of approximately RMB250 billion. The Notice on Improving the Capacity Tariff Mechanism on the Power Generation Side issued in January 2026, for the first time at the national level, clearly establishes a capacity tariff mechanism for independent new-type energy storage on the grid side, further driving energy storage value to extend from single energy (kWh) returns toward diversified value such as capacity and regulation. Meanwhile, industry competition is shifting from competition on equipment prices to comprehensive competition in product safety, system efficiency, project acquisition, engineering delivery and long-term operating capabilities.

During the Reporting Period, the Group further focused on key directions such as large-scale ESS, grid-side and industrial and commercial energy storage, and continued to improve its product system and system solutions. The overseas-version 261 kWh AC/DC integrated cabinet and the 5 MWh containerized ESS completed relevant testing and certification, and a smart liquid-cooled ESS of 6 MWh and above equipped with 588 Ah large-capacity cells was formally launched. The Group concurrently advanced R&D on microgrid and virtual power plant energy management systems, enhancing load forecasting, battery state management and system dispatch capabilities. Centered on application scenarios such as zero-carbon parks, island microgrids and telecommunications energy storage, the Group actively advanced project development and solution validation, and explored diversified business models including equipment supply, system integration, consortium EPC and project development, further building product and delivery capabilities in the energy storage business.

In overseas markets, focusing on key regions including Southeast Asia, Europe, Australia and Africa, the Group continued to advance product certification, channel building and project cooperation. The first batch of 261 kWh liquid-cooled energy storage cabinets in South Africa achieved grid connection during the Reporting Period, and the Group steadily advanced opportunities in Southeast Asian photovoltaic-storage and data centre supporting energy storage projects. Facing challenges such as intensifying industry competition, relatively long project cycles and the accelerating evolution of business models, the Group adhered to prudent investment and a value-oriented approach, focusing on screening projects with genuine demand, reasonable returns and controllable risks, and further strengthened capabilities in system integration, engineering design, project financing, global grid connection and localized delivery, so as to drive the energy storage business gradually from capability building and model validation toward scaled and sustainable development.

(2) Other Li-ion Battery Businesses

In the light motive battery field, the Group continued to focus on niche scenarios, improve customer mix and enhance operating quality, with emphasis on electric two-wheeled vehicles, electric three-wheeled vehicles, shared mobility, battery swapping operations, industrial vehicles and special vehicles, with products covering OEM vehicle matching, shared mobility, battery swapping operations and traditional channel markets. The Group continued to improve its product matrix from 12 Ah to 280 Ah and from 24 V to 72 V, advanced the adaptation of lithium iron phosphate batteries across different vehicle models and usage scenarios and, by strengthening key customer development, channel building and after-sales services, further enhanced market reach and delivery assurance capabilities.

In industrial motive power and special applications, focusing on scenarios with relatively high requirements for safety, cycle life and environmental adaptability — such as forklifts, golf carts, all-terrain vehicles and vessels — the Group advanced product development, customer validation and market introduction. Targeting different application operating conditions, the Group continued to enhance capabilities in battery system integration, battery management, thermal management and structural safety, and strengthened collaborative development with equipment manufacturers and operating customers. Related businesses remain at the stage of market cultivation and order accumulation. The Group will prioritise projects with clear demand and sustained procurement potential, and gradually build differentiated product and customer bases.

In telecommunications energy storage, focusing on application scenarios such as communications base stations, data centres and backup power supply for related infrastructure, the Group continued to improve Li-ion battery products and solutions, and deepened cooperation with key customers including ZTE Corporation. During the Reporting Period, the Group further expanded product specifications and application scope, enhanced overall product performance in safety, cycle life, environmental adaptability and power supply reliability, and continuously strengthened collaborative development with customers and stable delivery capabilities. Leveraging long-accumulated technology, manufacturing and customer foundations, the Group steadily expanded domestic and overseas telecommunications backup power supply and related markets, further consolidating the order base and development resilience of this business.

In overseas markets, the Group actively expanded application markets such as electric motorcycle battery swapping in Africa, electric two- and three-wheeled vehicles in Southeast Asia, and golf carts and all-terrain vehicles in Europe and the United States, and continued to advance product certification, channel cooperation and the building of localized service systems. Facing challenges including intense price competition in the motive Li-ion battery market, fragmented orders and capacity utilization that has yet to improve, the Group will remain oriented toward orders and profitability, strengthen production and sales coordination, cost control and flexible manufacturing, enhance the matching efficiency between existing capacity and customer demand, and drive the Li-ion battery business to accelerate operating improvement and gradually form a sustainable business model.

2. *Sodium-ion Batteries*

Sodium-ion batteries offer certain potential in resource availability, low-temperature adaptability and safety performance, and are an important complement to the existing battery technology system. In recent years, industry product development, customer validation and demonstration applications have continued to advance. Certain enterprises have explored commercialization through vehicle manufacturer cooperation, energy storage projects and industry chain collaboration, with related applications gradually extending to niche scenarios such as energy storage, light motive power, automotive starting and start-stop, and low-temperature environments. The Action Plan for the High-Quality Development of Emerging Energy Storage Manufacturing Industry issued by eight departments including the MIIT proposes promoting engineering and application technology breakthroughs for sodium-ion batteries and strengthening the layout of related technical standards.

The Group regards sodium-ion batteries as an important component of its multi-pathway product system and, drawing on its foundation in light motive power, automotive batteries and market channels, focuses on advancing technology R&D and product layout around scenarios with differentiated application value.

During the Reporting Period, the Group continued to advance iterative upgrades and market validation of sodium-ion battery products such as “Tianna T2 (天鈉T2)”. Products for two-wheeled vehicles have achieved small-batch delivery, and sample testing and product introduction with downstream vehicle manufacturers have been advanced, with certain projects having entered the design finalization and validation stage. The Group concurrently completed R&D of the second-generation automotive start-stop sodium-ion batteries, and developed product solutions suitable for special operating conditions such as alpine environments, further broadening the potential application boundaries of sodium-ion batteries. The Group continued to strengthen R&D on core materials, cells and battery systems, advanced product testing, process validation and customer introduction, improved supply chain and quality management systems, and accelerated product iteration and market response across different application scenarios.

3. *Solid-state Batteries*

As the battery industry continues to develop toward high safety, high specific energy and wide temperature range, the Group regards solid-state batteries as an important initiative for completing its multi-pathway product system and cultivating medium-to long-term competitiveness. At this stage, it focuses on advancing the iteration and scenario application of semi-solid (hybrid solid-liquid) battery products, while continuing research on key materials, cell design and engineering processes for all-solid-state batteries. On the policy front, the Action Plan for Steady Growth of the Electronic Information Manufacturing Industry 2025-2026 issued by the MIIT and the State Administration for Market Regulation calls for strengthening basic research and innovation platform building for frontier technologies such as all-solid-state batteries, creating favorable conditions for related technology R&D and industrial collaboration.

The Group continued to improve its “Panshi (磐石)” series semi-solid battery product system, which now comprises multiple specifications including 48V30Ah, 48V35Ah, 72V50Ah and 72V100Ah. The products can be applied to light mobility tools such as electric bicycles, electric scooters and high-end electric motorcycles, meeting differentiated needs such as daily commuting and high-performance riding. During the Reporting Period, the Group continued to advance performance optimization, customer validation and scenario expansion of related products, enhancing product adaptability to different motive power requirements and usage environments.

In emerging application fields, focusing on scenarios with relatively high requirements for safety, energy density, power and cycle performance, such as unmanned aerial vehicles and robots, the Group carried out product development, engineering validation and application cooperation with industry chain partners, driving the continuous validation and optimization of “Xingchen (星辰)”, “Maidong (脈動)” and other series battery products under real usage environments. Among them, the “Maidong (脈動)” solid-state batteries designed for robots have commenced performance validation in actual scenarios. The Group also became one of the first members of the Commercial Community Service Robot Working Group under the National Robot Standardization Technical Committee, participating in the research and formulation of standards related to robot energy systems. Going forward, guided by market demand and technological maturity, the Group will steadily advance product validation, technology iteration and application expansion.

4. *Hydrogen Fuel Cells*

Hydrogen energy, as a secondary energy source with both energy and industrial feedstock attributes, is accelerating its extension from transportation demonstration toward diversified scenarios such as long-duration energy storage, marine power, distributed power generation and industrial decarbonization. China’s Government Work Report 2026 further proposed cultivating new growth drivers such as hydrogen energy and green fuels, and the focus of industrial development is also gradually shifting from single technology breakthroughs toward greater self-reliance in key components, enhanced system reliability and the commercialization of application scenarios. Building on long-term technology reserves, the Group continued to improve its R&D system for core materials, key components and system integration of hydrogen fuel cells, and advanced product development and application expansion around transportation, energy storage, marine power, distributed power generation and other scenarios.

During the Reporting Period, the Group launched the “Chenxing (辰星)” series of high-power fuel cell products, including models such as T-280 and N-345, targeting application scenarios such as long-haul heavy-duty transportation, long-duration hydrogen energy storage, marine power, distributed power generation and construction machinery. In respect of application expansion, the Group actively advanced scenario validation of hydrogen fuel cells in urban green mobility, launched hydrogen-electric solutions for shared bicycles, and cooperated with relevant industrial partners on vehicle development, energy replenishment and operation services. At the same time, the Group continued to advance customer engagement and demonstration applications of fuel cell products in heavy-duty commercial vehicles, vessels and stationary power generation.

(III) Recycling Industry

Centered on full-lifecycle management of batteries, the Group continued to improve recycling and utilization systems for lead-acid batteries and Li-ion batteries, promoting the coordinated development of used battery collection, compliant transportation, dismantling and treatment, material regeneration and remanufacturing applications. During the Reporting Period, the Group’s recycling industry recorded external operating income of approximately RMB2.128 billion.

1. Recycling of High-end Eco-friendly Batteries

Used lead-acid batteries have relatively high resource recovery value and are also hazardous waste subject to strict legal management. During the Reporting Period, the Group continued to strengthen whole-process management of the collection, transportation, storage, dismantling and resource utilization of used batteries, and improved mechanisms for flow tracing, environmental risk control and product quality management. During the Reporting Period, the Group’s used lead-acid battery recycling business maintained stable operations and recorded external operating income of approximately RMB1.161 billion.

Leveraging recycling industrial bases and an extensive recycling service system, the Group continued to strengthen whole-process management of the collection, transportation, storage, dismantling and resource utilization of used lead-acid batteries, and improved mechanisms for used battery flow tracing, environmental risk control and product quality management. Facing lead price fluctuations and cost pressures in feedstock procurement, the Group further strengthened overall coordination of procurement, inventory, production and sales, arranged feedstock procurement and production pace on a reasonable basis, and mitigated the impact of price fluctuations on operating results.

In respect of production operations, the Group continued to advance technical renovation of production lines and process optimization, enhanced equipment operating efficiency, resource recovery levels and product quality stability, and strengthened the comprehensive utilization of associated valuable resources, further improving resource utilization efficiency and product structure. The reuse of materials such as secondary lead and recycled plastics in battery manufacturing after their recovery help to reduce reliance on primary resources, lower resource consumption and environmental impact across the industry chain, and strengthen raw material assurance at the battery manufacturing end.

In respect of industry chain cooperation, during the Reporting Period, the Group deepened cooperation with a leading international automotive low-voltage battery enterprise around raw material supply, used battery recycling and full-lifecycle management of batteries, further linking compliant recycling of used batteries, supply of regenerated materials and battery manufacturing. The Group also continued to explore the international application of its recycling industry capabilities, cooperating with battery enterprises in South America on circular production processes, quality management, technology R&D and logistics systems, and driving the cooperation model to extend from the supply of regenerated products toward collaboration in technology and operating capabilities. During the year, the Group's "Battery Materials Circular Regeneration and Low-carbon Supply Chain Collaborative Innovation Project" was selected as an outstanding case under the "Climate Lighthouse (氣候燈塔)" of Shanghai Climate Week, reflecting the Group's practical achievements in full-lifecycle management of batteries, resource recycling and utilization and low-carbon supply chain building.

2. *Li-ion Battery Recycling*

As new energy vehicles and energy storage batteries gradually enter the retirement cycle, the industrial value of Li-ion battery recycling and utilization is extending from end-of-pipe environmental disposal to key resource assurance, supply chain security and full-lifecycle management of batteries. The Interim Measures for the Administration of Recycling and Comprehensive Utilization of Used Power Batteries of New Energy Vehicles, effective from April 2026, further strengthen requirements on power battery coding, flow reporting, recycling responsibilities and comprehensive utilization. Meanwhile, fluctuations in the prices of metals such as lithium, nickel and cobalt, competition for used batteries and black mass resources, differentiation in end demand, and rising costs of auxiliary materials continue to place relatively high requirements on the industry's capabilities in resource organization, price management, capacity utilization and cost control. During the Reporting Period, the Group's Li-ion battery recycling business recorded external operating income of approximately RMB967 million, with continued improvement in operating performance.

Drawing on its long-term accumulation in battery manufacturing and resource recycling, the Group continued to improve capabilities in used Li-ion battery collection, pre-treatment, hydrometallurgy and resource regeneration and utilization, and has formed an industrial layout with the coordinated development of two major bases in Changxing, Zhejiang and Binhai, Jiangsu, with a combined annual treatment capacity of 73,000 tonnes of used batteries, covering ternary and lithium iron phosphate material systems. During the Reporting Period, the Group continued to advance capacity ramp-up, process optimization and lean operations, strengthened overall coordination of procurement, production, inventory and sales, and promoted the orderly release of existing capacity.

In respect of technology, the Group continued to improve a process system linking pre-treatment with hydrometallurgy, strengthening the extraction of valuable metals, impurity control, product quality and production safety management. At present, the Group's comprehensive lithium recovery rate exceeds 95%, and recovery rates of metals such as nickel, cobalt and manganese exceed 99%. The Group also advanced technology optimization and industrialization validation around lithium iron phosphate repair and the utilization of regenerated materials, enhancing treatment capabilities for different feedstock sources and material systems, and improving resource utilization efficiency as well as the stability and market applicability of regenerated products.

In respect of resources and markets, the Group continued to build specialized, diversified and traceable Li-ion battery recycling channels, strengthened industrial collaboration with battery manufacturers, vehicle manufacturers, operating platforms, professional recycling service providers and materials enterprises, and drove resource acquisition to extend gradually from market-based procurement toward long-term cooperation and source-level resource organization. During the Reporting Period, business with the Group's strategic customers-maintained growth, overseas feedstock procurement made progress, and the Group continued to expand resource channels and localized cooperation in Northeast Asia, Southeast Asia and other regions, further enhancing feedstock assurance and domestic-overseas resource coordination capabilities.

During the Reporting Period, the Group participated in co-organizing an international standards seminar on the EU Battery Regulation and the recycling and utilization of retired batteries, and exchanged views with domestic and overseas industry institutions and experts on topics including battery regulatory compliance, battery passports, recycling and utilization of retired batteries, safe logistics and reuse standards. Combining industrial practice, it also shared experiences in battery materials manufacturing, collecting treatment and recycling and utilization, further strengthening research on the development trends of international rules and standards for full-lifecycle management of batteries. Going forward, the Group will remain oriented toward profitability and cash flow, coordinate resource acquisition, inventory turnover, capacity release and cost control, and continuously enhance the operating quality and sustainable development capabilities of the Li-ion battery recycling business.

STRATEGIC PLANNING AND DEVELOPMENT DIRECTION

Facing the accelerated green and low-carbon transition of the global energy system, and aligning with the trend of energy industry transformation, the Group adheres to long-termism, takes the continuous enhancement of operating quality and shareholder returns as its core, builds on its core green energy business, and advances its business layout around “consolidating the fundamentals, expanding the growth engine and cultivating new tracks”. It strengthens supporting capabilities in technological innovation, globalisation, resource recycling and intelligent manufacturing, continuously enhances operating quality, industrial resilience and long-term development capabilities, and steadily implements its various strategic initiatives.

Consolidating the fundamentals and continuously enhancing the competitive quality of advantageous businesses. Lead-acid batteries remain the core foundation of the Group’s operating development. Drawing on the product, manufacturing, channel and service advantages formed in the light motive market, the Group will continue to consolidate its market position in light electric vehicle motive batteries, and actively expand application fields such as industrial motive power, automotive batteries and backup power supply. The Group will place greater emphasis on product quality, technology upgrades, cost control, channel efficiency and service system building, drive its operating focus further from scale growth toward equal weight on quality, profitability and customer value, and actively respond to periodic pressures arising from raw material price fluctuations and changes in market demand. At the same time, the Group will continue to improve quality management and supply chain management systems, strengthen whole-process control from raw materials and manufacturing to terminal services, and maintain brand reputation and customer trust with stable and reliable products and services.

Expanding the growth engine and driving new businesses from capability building toward operating contribution. The Group will expand development space around Li-ion battery applications, energy storage market expansion, overseas expansion and resource recycling. The Li-ion battery and energy storage businesses will focus on niche scenarios with a customer base, technology accumulation and conditions for commercialization, strengthen product safety, system integration, cost control and project delivery capabilities, deploy capacity in an orderly manner in light of market orders and project return cadence, and drive synergistic improvement in business scale, profitability and cash flow quality. Comprehensively assessing market demand, customer quality, technological maturity and investment returns, the Group will pace investment intensity and development rhythm on a reasonable basis, and promote emerging businesses to gradually make sustainable operating contribution.

Globalisation will continue to be an important pathway for the Group to open up incremental markets and enhance industrial capabilities. The Group will improve overseas production, supply chains, market channels and service networks, strengthen coordination between domestic R&D and manufacturing resources and overseas production bases and, having regard to the regulatory standards, climate conditions, energy structures and application needs of different regions, advance product adaptation, certification and market access, channel building and localized services. At the same time, adhering to adaptation to local conditions, priority for profitability and controllable risks, the Group will strengthen the identification and management of risks such as international trade policies, exchange rate fluctuations, supply chain changes, overseas compliance and operating safety, so as to promote the steady development of overseas business.

The resource recycling industry is both an important business for the Group to expand growth space and a key link for enhancing raw material assurance for the core battery business and full-lifecycle service capabilities. The lead resource recycling business will further strengthen closed-loop collaboration among used battery recycling, regenerated material supply and lead-acid battery manufacturing, enhancing capabilities in resource acquisition, cost control and refined operations. The Li-ion battery recycling business will, leveraging existing capacity, technology and process capabilities, continue to expand specialized and traceable resource channels, strengthen industrial collaboration with battery enterprises, vehicle manufacturers, operating platforms and materials enterprises, and drive the business to extend from used battery treatment toward recovery of valuable metals, utilization of regenerated materials and full-lifecycle management. The Group will also strengthen information management of recycling sources, flow processes, treatment destinations and applications of regenerated materials, and actively study domestic and overseas battery regulations, carbon footprint management, battery passports and recycling and utilization standards, so as to drive the recycling industry toward standardized, refined and internationalized development.

Cultivating new tracks and building multi-pathway technology reserves oriented toward the future. Guided by the differentiated requirements of application scenarios for safety, energy density, cycle life, low-temperature performance and full-lifecycle cost, the Group will continue to lay out battery technologies such as sodium-ion batteries, solid-state batteries and hydrogen fuel cells. Different technology pathways intersect and each has adaptive advantages in scenarios such as light motive power, energy storage, industrial motive power, transportation and backup power supply. The Group will adhere to a scenario-driven and pragmatic approach to technology development, and advance materials R&D, product development, engineering validation and demonstration applications around real customer needs. For directions where technology and market conditions are relatively mature, it will accelerate product iteration, cost improvement and customer validation; for directions still at the cultivation stage, it will maintain necessary investment and continuous tracking, and advance industrialization after clear technological advantages, application demand and commercial closed loops are formed.

Technological innovation will run through the Group's upgrade of advantageous industries, development of emerging businesses and cultivation of frontier technologies. The Group will strengthen collaborative R&D across key links including material systems, cell technology, product design, system integration, safety management and recycling and utilization, and drive R&D activities to connect more effectively with manufacturing, market demand and application scenarios. The Group will continue to deepen industry-university-research cooperation and industry chain collaboration, improve mechanisms for technology evaluation, engineering validation and commercialization of results, take technological advancement, product reliability, cost competitiveness and commercialization value as important criteria for testing R&D outcomes, and concentrate innovation resources on directions that can solve practical problems and create customer value.

The Group will also accelerate the integration of digitalization, intelligent manufacturing and green manufacturing, drive the in-depth application of digital technologies in R&D and design, production scheduling, process control, quality tracing, equipment operation and maintenance, energy management and supply chain collaboration, and enhance the timeliness of operating decisions and the refinement of production operations. Green and low-carbon concepts will further run through the entire process of raw material procurement, product design, manufacturing, logistics and transportation, product use and recycling and regeneration, promote the efficient utilization of energy and resources, and improve the management of carbon emissions, environmental impact and full product lifecycle.

Based on the market environment, technological progress and business performance, the Group will continue to dynamically optimize the pace of business deployment to safeguard input-output efficiency. By holding the foundation of advantageous businesses, opening growth space for new businesses and maintaining continuous investment in frontier technologies, the Group will strive to build a more robust, diversified industrial system with sustained evolutionary capabilities, creating long-term value for customers, shareholders, employees and society.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Reporting Period was approximately RMB22,683 million, representing a decrease of approximately 6.24% as compared with the same period last year. It was mainly due to the proactive downward adjustment of revenue of trading business. Specifically, revenue from the manufacturing industry was RMB22,571 million, representing an increase of approximately 6.62% as compared with the same period last year; revenue from trading was RMB112 million, representing a decrease of approximately 96.28% as compared with the same period last year.

Gross profit

The gross profit for the Reporting Period was approximately RMB2,316 million, representing a decrease of approximately 8.70% as compared with the same period last year. Specifically, the gross profit margin of the manufacturing industry was approximately 10.25%, representing a decrease of approximately 1.67 percentage points as compared with the same period last year. It was mainly attributable to the decrease in gross profit margin of low-speed power batteries and industrial batteries as well as Li-ion batteries.

Other income

The Group's other income for the Reporting Period was approximately RMB534 million (for the six months ended 30 June 2025: approximately RMB889 million), representing a decrease of approximately 39.93% as compared with the same period last year. It was mainly attributable to the decrease in government subsidies.

Distribution and selling expenses

Distribution and selling expenses of the Group for the Reporting Period were approximately RMB615 million (for the six months ended 30 June 2025: approximately RMB592 million), representing an increase of approximately 3.93% compared to the same period last year, which was mainly attributable to the increase in travelling fees and staff remuneration.

Administrative expenses

Administrative expenses of the Group for the Reporting Period were approximately RMB612 million (for the six months ended 30 June 2025: approximately RMB561 million), representing an increase of approximately 9.10% compared to the same period last year, which was mainly attributable to the increase in staff remuneration and tax expenses paid.

Research and development costs

R&D costs of the Group for the Reporting Period were approximately RMB975 million (for the six months ended 30 June 2025: approximately RMB942 million), representing an increase of approximately 3.52% compared to the same period last year, which was mainly attributable to the Company's continued investment in research and development to maintain its industry-leading technological position and support the launch of new products.

Finance costs

Finance costs of the Group for the Reporting Period were approximately RMB211 million (for the six months ended 30 June 2025: approximately RMB235 million), representing a decrease of approximately 10.50% compared to the same period last year, which was mainly due to the decrease in loan size and loan interest rate.

Operating activities cash flow

The net cash outflow from operating activities of the Group for the Reporting Period was approximately RMB538 million (for the six months ended 30 June 2025: net cash inflow of approximately RMB891 million). It was mainly attributable to the increase in the inventory scale and receivables of the Group.

As at 30 June 2026, the equity attributable to the owners of the Company amounted to approximately RMB17,217 million (31 December 2025: approximately RMB17,298 million). The Group's capital structure is equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated profits.

As at 30 June 2026, the Group had total assets of approximately RMB68,850 million, which increased by approximately 24.87% as compared with approximately RMB55,139 million as at 31 December 2025. Among them, the total current assets increased by approximately 52.41% to approximately RMB51,742 million and the total non-current assets decreased by approximately 19.26% to approximately RMB17,108 million as compared with the amount as at 31 December 2025. The increase in the current assets was mainly due to the increase in bank deposits and account receivables. The decrease in the non-current assets was mainly due to the decrease in restricted bank deposits.

As at 30 June 2026, the total liabilities of the Group were approximately RMB48,642 million, which increased by approximately 39.69% as compared with approximately RMB34,821 million as at 31 December 2025. Among them, the total current liabilities increased by approximately 45.61% to approximately RMB43,566 million and the total non-current liabilities increased by approximately 3.54% to approximately RMB5,076 million as at 31 December 2025. The increase in the current liabilities was mainly due to the increase in bills payable and short-term loans held by the Group. The increase in the non-current liabilities was mainly due to the increase in issued bond payables.

As at 30 June 2026, the cash and bank balances of the Group (including pledged bank deposits and bank deposits) were approximately RMB28,710 million (31 December 2025: approximately RMB19,039 million), of which approximately RMB660 million, RMB109 million and approximately RMB66 million are denominated in US dollars, Vietnam Dong and Hong Kong dollars, respectively. As at 30 June 2026, the interest bearing borrowings and loan notes (together, “**interest bearing loans**”) of the Group with maturity of within one year amounted to approximately RMB23,687 million (31 December 2025: approximately RMB10,309 million). The interest bearing loans with maturity of more than one year amounted to approximately RMB3,565 million (31 December 2025: approximately RMB3,322 million). The interest bearing loans were approximately RMB27,252 million. The loans denominated in RMB had fixed interest rates ranging from approximately 1.58% to 5.5% (2025: approximately 1.38% to 5.50%) per annum. In conclusion, the borrowings of the Group as at 30 June 2026 remained at a healthy and controllable level. With unutilised credit facilities of approximately RMB24,600 million, the Group will take a cautious stance and maximise the interests of the shareholders and the Company in striking a balance between borrowings and funding utilisation. Moreover, with continuously improving the fund structure as its financial objective in the long run, the Group will optimise its loan structure with further use of long term loans.

Pledge of assets

As at 30 June 2026, the bank facilities and bank borrowings of the Group were secured by its bank deposits, bills receivables, property, plant and equipment, and land use rights. The aggregate net book value of the assets pledged amounted to approximately RMB21,901 million (31 December 2025: approximately RMB13,449 million).

Gearing ratio

As at 30 June 2026, the Group's gearing ratio, defined as the percentage of the sum of current and non-current portions of interest bearing loans against the total assets, was approximately 39.58% (31 December 2025: approximately 24.72%).

Exposure to exchange rate fluctuations

As the Group's operations were mainly conducted in China and the majority of its businesses were transacted in RMB, the Board of Directors (the “**Board**”) is of the view that the Company's operating cash flow and liquidity are not subject to significant foreign exchange rate risk.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2026 (31 December 2025: Nil).

Capital commitments

The amount contracted for but not stated in the condensed consolidated financial statements in respect of the acquisition of property, plant and equipment as at 30 June 2026 was approximately RMB471 million (31 December 2025: approximately RMB757 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, the Group employed a total of 21,127 employees (30 June 2025: 20,709 employees). Staff cost of the Group for the Reporting Period was approximately RMB1,469 million (for the for the six months ended 30 June 2025: approximately RMB1,335 million). The cost included basic salaries and staff benefits such as discretionary bonus, medical and insurance plans, pension scheme, unemployment insurance plan, etc. Competitive remuneration packages were offered to employees by the Group. The Group has adopted incentive programs to encourage employees' performance and a range of training programs for the development of its staff.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the Reporting Period (for the six months ended 30 June 2025: Nil).

SIGNIFICANT INVESTMENTS HELD

There were no significant investments held by the Group as at 30 June 2026.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 June 2026, the Group's financial assets at fair value through profit or loss mainly included unlisted financial products purchased from commercial banks. The following table summarises the Group's financial assets at fair value through profit or loss as at 30 June 2026:

Issuer	Product category	Principal activities	Investment cost/nominal value (RMB'000)	Fair value as at 30 June 2026 (RMB'000)	Percentage of total assets of the Company as at 30 June 2026
BOC	Raised funds for wealth management products	Banking services	240,000.00	240,767.05	0.35%
CCB	Raised funds for wealth management products	Banking services	300,771.10	302,135.26	0.44%
CITIC Bank	Raised funds for wealth management products	Banking services	200,000.00	201,060.00	0.29%
China Merchants Bank	Raised funds for wealth management products	Banking services	230,000.00	230,529.95	0.33%
CIB	Raised funds for wealth management products	Banking services	334,110.30	336,155.21	0.49%
Ping An Bank	Raised funds for wealth management products	Banking services	200,000.00	200,904.89	0.29%
PSBC	Raised funds for wealth management products	Banking services	100,000.00	100,171.75	0.15%
Bank of Ningbo	Raised funds for wealth management products	Banking services	170,000.00	173,146.01	0.25%
Bank of Jinhua	Raised funds for wealth management products	Banking services	300,000.00	308,738.24	0.45%
EverGrowing Bank	Raised funds for wealth management products	Banking services	200,000.00	201,231.46	0.29%
SRCB	Raised funds for wealth management products	Banking services	150,000.00	150,634.82	0.22%
CITIC Securities	Raised funds for wealth management products	Banking services	300,000.00	301,245.31	0.44%
Galaxy Securities	Raised funds for wealth management products	Banking services	200,000.00	201,843.84	0.29%
Dongxing Securities	Raised funds for wealth management products	Banking services	200,000.00	201,247.24	0.29%
Zheshang Securities	Raised funds for wealth management products	Banking services	50,000.00	50,177.88	0.07%
East Money Securities	Raised funds for wealth management products	Banking services	200,000.00	200,259.51	0.29%
CCB Trust	Raised funds for wealth management products	Banking services	150,000.00	150,084.00	0.22%
ICBC	Structured deposit	Banking services	200,000.00	201,972.60	0.29%
Bank of Communications	Structured deposit	Banking services	300,000.00	302,700.00	0.44%
Bank of Jiangsu	Structured deposit	Banking services	200,000.00	201,265.00	0.29%
Bohai Bank	Structured deposit	Banking services	300,000.00	301,456.67	0.44%
Minsheng Bank	Structured deposit	Banking services	30,000.00	30,126.58	0.04%
Bank of Hangzhou	Structured deposit	Banking services	100,000.00	100,305.56	0.15%
Xiamen International	Structured deposit	Banking services	280,000.00	280,457.33	0.41%
Galaxy Securities	Structured deposit	Banking services	130,000.00	130,094.18	0.19%
Listed company	Equity securities listed in Hong Kong		29,035.94	45,898.41	0.07%
Changxing Meishan Fumei Equity Investment Partnership (Limited Partnership)	Equity investments		6,000.00	6,000.00	0.01%
Everbright Securities	Everbright Sunshine Fund		6.90	6.90	0.0000%
CITIC Futures Co., Ltd.	Futures	Futures and derivatives	–	1,930.00	0.0028%

MATERIAL ACQUISITION AND DISPOSAL

The Group has no material acquisition and disposal of subsidiaries, associates and joint ventures during the Reporting Period.

CORPORATE GOVERNANCE

The Company is committed to ensuring high standards of corporate governance. The Board believes that good corporate governance practices are increasingly important for maintaining and promoting investors' confidence. The Company has adopted and complied with the provisions of the Corporate Governance Code (the "**CG Code**") as contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the Reporting Period, except for the code provision C.2.1 of the CG Code. Dr. Zhang Tianren is both the chairman ("**Chairman**") and Chief Executive Officer ("**CEO**") of the Company who is responsible for managing the Group's business. The Board considers that vesting the roles of Chairman and CEO in the same person facilitates the execution of the Company's business strategies and maximizes the effectiveness of its operation. With the present Board structure and scope of business, the Board considers that there is no imminent need to separate the roles into two individuals. However, the Board will continue to review the effectiveness of the Group's corporate governance structure to assess whether the separation of the position of the Chairman and CEO is necessary.

The primary duties of the Company's audit committee (inter alia) are to review the financial reporting system, the risk management and internal control systems of the Group, and to make proposals to the Board as to appointment, renewal and resignation of the Company's independent external auditors and the related remuneration and appointment terms. The Company's audit committee has reviewed the Company's 2026 interim report with the management of the Company and the Company's independent external auditors and recommended its adoption by the Board.

The interim financial information of the Group in this announcement has not been audited. However, it has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" and has been reviewed by the Company's independent external auditors, Deloitte Touche Tohmatsu, in accordance with the Hong Kong Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix C3 to the Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard for securities transactions set out in the Model Code throughout the Reporting Period.

Other than the above disclosures, the Company has also complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules and appointed three independent non-executive Directors including one with financial management expertise.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including the sale of treasury shares as defined under the Listing Rules) during the Reporting Period. As at 30 June 2026, the Company did not hold any of such treasury shares.

GENERAL INFORMATION

As at the date of this announcement, the executive Directors of the Company are Dr. ZHANG Tianren, Mr. ZHANG Aogen, Mr. ZHANG Kaihong, Mr. SHI Borong and Mr. ZHOU Jianzhong; the independent non-executive Directors of the Company are Mr. HUANG Dongliang, Mr. ZHANG Yong, Mr. XIAO Gang and Dr. GUO Yuantao.

This announcement will be published on the website of the Stock Exchange at www.hkex.com.hk and on the Company’s website at www.tianneng.com.hk.

By order of the Board
Zhang Tianren
Chairman

Hong Kong, 28 August 2026

** For ease of reference, the names of the PRC established companies or entities (if any), the PRC laws and regulations (if any) and the PRC publications (if any) have generally been included in this announcement in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail.*