



中國高速傳動設備集團有限公司*

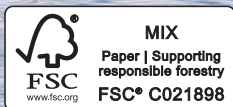
China High Speed Transmission Equipment Group Co., Ltd.

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 658)

2025

INTERIM REPORT



* For identification purpose only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Hu Jichun (*Chairman and Chief Executive Officer*)

Mr. Hu Yueming

Mr. Chen Yongdao

Mr. Zhou Zhijin

Ms. Zheng Qing

Mr. Gu Xiaobin

Non-executive Director

Mr. Ye Xingming

Independent non-executive Directors

Mr. Jiang Xihe

(*Lead Independent Non-Executive Director*)

Ms. Jiang Jianhua

Dr. Chan Yau Ching, Bob

Mr. Nathan Yu Li

AUDIT COMMITTEE

Mr. Jiang Xihe (*Chairman*)

Dr. Chan Yau Ching, Bob

Mr. Nathan Yu Li

REMUNERATION COMMITTEE

Dr. Chan Yau Ching, Bob (*Chairman*)

Mr. Jiang Xihe

Mr. Chen Yongdao

NOMINATION COMMITTEE

Mr. Hu Jichun (*Chairman*)

Mr. Jiang Xihe

Mr. Nathan Yu Li

Ms. Jiang Jianhua

REGISTERED OFFICE

VISTRA (CAYMAN) LIMITED

P.O. Box 31119

Grand Pavilion, Hibiscus Way

802 West Bay Road

Grand Cayman KY1-1205

Cayman Islands

INDEPENDENT PRACTITIONER

HLB Hodgson Impey Cheng Limited

LEGAL ADVISER

DeHeng Law Offices (Hong Kong) LLP

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1302, 13th Floor, COFCO Tower

No. 262 Gloucester Road

Causeway Bay

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited

190 Elgin Avenue, George Town

Grand Cayman KY1-9008

Cayman Islands

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

COMPANY SECRETARY

Mr. Lui Wing Hong, Edward *CPA (Aust.) FCPA*

AUTHORISED REPRESENTATIVES

Mr. Hu Yueming
Mr. Lui Wing Hong, Edward

PRINCIPAL BANKERS

ICBC
Bank of Communications
Export-Import Bank of China
China Merchants Bank
SPD Bank
Bank of Jiangsu
China Minsheng Bank
China Construction Bank
Bank of Beijing
Huaxia Bank
Bank of Ningbo
Everbright Bank
Australia and New Zealand Bank

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange")

STOCK CODE

00658

WEBSITE

www.chste.com

FINANCIAL HIGHLIGHTS

	Six months ended 30 June 2025 RMB'000 (Unaudited)	Six months ended 30 June 2024 RMB'000 (Unaudited)	Change
Revenue from contracts with customers	9,978,981	10,159,694	-1.8%
Gross profit	1,852,086	1,354,468	36.7%
Loss for the period attributable to owners of the Company	(136,061)	(528,733)	-74.3%
Basic and diluted loss per share (RMB)	(0.083)	(0.323)	-74.3%

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)	Change
Total assets	38,635,484	37,709,287	2.5%
Total liabilities	25,793,742	25,150,002	2.6%
Net assets	12,841,742	12,559,285	2.2%
Net assets per share (RMB)	7.9	7.7	2.6%
Gearing ratio* (%)	66.8	66.7	0.1 percentage points

* Gearing ratio = total liabilities/total assets

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

China High Speed Transmission Equipment Group Co., Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”) are principally engaged in the research, design, development, manufacture and sales of a broad range of mechanical transmission equipment that are widely used in wind power and industrial applications. During the six months ended 30 June 2025 (the “Period under Review”), the Group recorded sales revenue of approximately RMB9,978,981,000 (30 June 2024: RMB10,159,694,000), representing a decrease of 1.8% as compared with the corresponding period of 2024; and the gross profit margin was approximately 18.6% (30 June 2024: 13.3%), representing an increase of 5.3 percentage points as compared with the corresponding period of last year. During the Period under Review, loss attributable to owners of the Company was approximately RMB136,061,000 (30 June 2024: RMB528,733,000). The basic loss per share was RMB0.083 (30 June 2024: RMB0.323). The reduction in loss was primarily attributable to (i) the suspension of the trading business during the Period under Review, with no impairment provisions made for the trading business, whereas significant impairment provisions were made for trade receivables in the corresponding period of last year; and (ii) an increase in revenue and profit generated from the wind and industrial gear transmission equipment business during the Period under Review as compared with the corresponding period of last year.

Principal Business Review

1. Wind gear transmission equipment

Diversified, large and overseas market development

As a leading enterprise of wind gear transmission equipment in China, leveraging on its outstanding research, design and development capabilities, our product technology has reached an internationally advanced level, making the Group a leader in the offshore large-megawatt wind gear transmission equipment product and technology. The wind gear transmission equipment products of the Group are widely applied in both onshore and offshore wind power, and breakthroughs have been continuously achieved in the offshore wind power business, with large megawatt offshore wind gear transmission equipment products of 13.6MW-20MW being delivered to customers in bulk. The Group is fully aware that in the face of the increasingly fierce competition in the industry, adhering to a long-term perspective is a wise and stable strategic choice, and only through continuous innovation and research and development can we remain competitive in the future. To this end, relying on the StanGear™ (sliding bearing gearbox) and NGCWinGear™ (rolling bearing gearbox) product platforms and core technology platforms, we have rapidly iterated and optimised product design and have pursued closely core technologies such as computational analysis technology, intelligent manufacturing technology, material heat control technology, and experiment and testing technology, laying a solid technical foundation to cope with the development trend of large-scale, integrated and lightweight wind turbines. At the same time, keeping up with the new trend of market development, the Group has actively developed onshore and offshore large-megawatt wind gear transmission equipment with integrated transmission chain, deeply integrated digital technology, built GearSight IoT cloud platform for gearbox health monitoring and diagnosis, and created a remote diagnosis center, realising efficient management of the entire life cycle of wind gear transmission equipment products.



MANAGEMENT DISCUSSION AND ANALYSIS

Up to now, the Group has maintained a strong customer portfolio. The customers of our wind gear transmission equipment products include major wind turbine manufacturers in the People's Republic of China (the "PRC"), as well as internationally renowned wind turbine manufacturers such as GE Vernova, Siemens Energy Wind Power, Suzlon, Adani, Nordex acciona and Enercon, etc. The Group's wind gear transmission equipment products have further expanded into international markets, driven by the Group's proactive efforts to develop overseas customers and the continuous expansion of domestic OEMs into overseas markets. Global market layout will facilitate diversification of operational risks. The Group also seeks to have closer communication, cooperation and development with existing and potential overseas customers through its subsidiaries in the United States (the "U.S."), Canada, Germany, Singapore and India.

The wind gear transmission equipment represents a key product developed by the Group. During the Period under Review, sales revenue of wind gear transmission equipment business increased by RMB3,377,985,000 as compared to the corresponding period of last year, reaching approximately RMB8,867,412,000 (30 June 2024: RMB5,489,427,000), representing a year-on-year increase of 61.5%.

2. Industrial gear transmission equipment

Enhanced market competitiveness through changes in production modes and sales strategies

The Group's industrial gear transmission equipment products are widely used by customers in industries such as metallurgy, construction materials, rubber and plastics, petrochemicals, electric power, aerospace, mining, ports and engineering machinery.

In recent years, the Group has always adhered to the strategy for green development of industrial gear transmission equipment. With a focus on energy conservation, environmental protection and low carbon emission, as well as in-depth exploration in the transmission technology and extended driving technology, the Group has, under the iteration and upgrading of product technology in the field of heavy-duty transmission, developed standardised, modular and intelligent products which are internationally competitive and an electromechanical control integrated driving system with high efficiency, high reliability and low energy consumption. With "complete range, clear layers and precise subdivision" as our product positioning and market positioning, the Group was able to facilitate changes in sales strategies and production models, improve comprehensive competitiveness and further consolidate market advantages. During the Period under Review, the Group demonstrated a positive development trend in the fields of high-end equipment manufacturing and the domestic production of core equipment. Additionally, with the international expansion of its industrial gear transmission equipment products, the application of the Group's industrial gear transmission equipment products in overseas markets has significantly increased. Meanwhile, the Group also strengthened its efforts to provide and sell the parts and components of relevant products as well as comprehensive system solutions to its customers, helping customers to enhance their current production efficiency and reduce energy consumption without increasing capital expenditure and satisfying the diverse and differentiated needs of customers, thereby maintaining the Group's position as a major supplier in the market of industrial gear transmission equipment products.

During the Period under Review, the industrial gear transmission equipment business generated sales revenue of approximately RMB935,261,000 (30 June 2024: RMB1,158,771,000) for the Group, representing a decrease of 19.3% as compared with the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Rail transportation gear transmission equipment

Featured by environmental-friendly nature through design technology, sealing technology and effective control

The Group's rail transportation gear transmission equipment products are widely used in the rail transportation fields such as high-speed rails, metro lines, urban trains and trams. The Company has established long-term cooperative relationships with many well-known domestic and foreign companies in the industry, such as the CRRC and the Alstom. The Group has obtained ISO/TS 22163 Certificate for the Quality Management System of International Railway Industry and CRCC Certification for Railway Products for its rail transportation gear transmission equipment products, and has obtained "Silver" Certificate for IRIS System for three consecutive years, which has laid a solid foundation for further expansion in the international rail transportation market. Currently, the products have been successfully applied to rail transportation transmission equipment in many Chinese cities, such as Beijing, Shanghai, Shenzhen, Nanjing, Hong Kong and Taipei, as well as in numerous countries and regions worldwide, such as Singapore, India, Netherlands, France, Australia, Brazil, Argentina, Canada, Mexico, South Africa, Tunis and Egypt. With optimised gearbox design technology, excellent sealing technology and effective control of the production process, the Group's rail transportation gear transmission equipment products are more environmentally friendly, and the products are well received by users.

During the Period under Review, the rail transportation gear transmission equipment business generated sales revenue of approximately RMB175,716,000 (30 June 2024: RMB135,792,000) for the Group, representing an increase of 29.4% as compared with the corresponding period of last year.



MANAGEMENT DISCUSSION AND ANALYSIS

LOCAL AND EXPORT SALES

During the Period under Review, the Group maintained its position as the leading supplier of the mechanical transmission equipment in the PRC. During the Period under Review, the overseas sales amounted to approximately RMB1,181,640,000 (30 June 2024: RMB985,961,000), representing an increase of 19.8% as compared with the corresponding period of last year. Overseas sales accounted for 11.8% (30 June 2024: 9.7%) of the total sales of the Group, representing an increase of 2.1 percentage points as compared with the corresponding period of last year. At present, the overseas customers of the Group are mainly based in U.S. and other countries and regions such as Europe, India and Brazil.

RECOGNITION AND CERTIFICATION OF THE GROUP

The mechanical transmission equipment business of the Group has high entry barriers and requires specific technical know-how. The Group enhances corporate growth by introducing new products and new technology. Various products have made their debuts in the domestic market under the Group's on-going innovation of products and technology. Leveraging on its innovative technology and premium quality, the Group has obtained major technology and quality awards, certificates, honours and titles at national, provincial and municipal level for over 100 times over the years, such as national, provincial and municipal technology advancement awards, outstanding new products awards, Jiangsu Governor Quality Award, Nanjing Mayor Quality Award, certification for new products, certification for high and new tech products and certification of high and new tech enterprise, Jiangsu Quality and Credit Graded AAA enterprise, "Jiangsu Premium Brand Certification", etc. The Group has been recognized as a "National Technology Innovation Demonstration Enterprise", possessing the "National Certified Enterprise Technology Center", "Mechanical Industry Heavy-Duty Gear Transmission Engineering Research Center", "Mechanical Industry Wind Power Gear Transmission System Key Laboratory", "Jiangsu Wind Power Gear Equipment Engineering Technology Research Center", "Jiangsu Enterprise Technology Center", "Jiangsu Industrial Gear Engineering Technology Research Center", "Jiangsu Industrial High-Speed Precision Gear Transmission Device Engineering Technology Research Center", and "Jiangsu Rail Transit Transmission Device Engineering Technology Research Center", etc. In recent years, the Group has demonstrated robust performance and achieved remarkable results in corporate intelligent transformation, digital transformation, and green and sustainable development, achieving remarkable results. Our subsidiary, Nanjing High Speed Gear Manufacturing Co., Ltd. ("Nanjing High Speed"), has been included in the "2024 5G Factory Directory", recognised as a "Jiangsu Advanced-Level Smart Factory", awarded the title of "Jiangsu Five-Star Cloud Enterprise", and certified as a "Jiangsu Green Factory". In addition, other subsidiaries within the Group have been honored as the provincial "Star-Rated Cloud Enterprise", selected as "Jiangsu Advanced-Level Smart Factory", "Smart Manufacturing Workshop", and certified as national or provincial "Green Factory".

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2025, the Group was granted a total of 1,058 national-authorised patents and has submitted 294 patent applications pending for approval. The Group was the first producer to adopt ISO 1328 and ISO 6336 international standards in the PRC. The Group was also nominated as an enterprise for the 863 State Plan and a Computer Integrated Manufacturing System (CIMS) Application Model Enterprise by the Ministry of Science and Technology of the PRC. The Group has obtained ISO 9001:2015 Quality Management System certificate, ISO 14001:2015 Environmental Management System certificate, ISO 45001:2018 Occupational Health and Safety Management System certificate, ISO 10012:2003 Measurement Management System certificate and ISO 50001:2018 Energy Management System certificate. In addition, the Group has also obtained the GB/T 23001 – 2017 integration of informationisation and industrialisation management system certificate (AAA). Its testing laboratory has obtained the ISO/IEC 17025:2017 CNAS Laboratory certificate. Several special processes of heat treatment have obtained the TPG special process certificate and the GearSight of the Group was also certified by the CMMI Level 3 assessment in the global software domain. During the Period under Review, Nanjing High Speed was once again awarded the “Drivetrain of the Year” Gold prize by Windpower Monthly, further demonstrating the Group’s profound expertise and continuous innovation in the wind power transmission sector. Furthermore, Nanjing High Speed is a certified member company of APQP4Wind.

Wind gear transmission equipment products of the Group have obtained certifications from China Classification Society (CCS), China General Certification Center (CGC), China Quality Certification Centre (CQC), Technische ÜberwachungsVerein (TÜV), DNV, UL, European Union’s CE and ETL; industrial gear transmission equipment products have been certified with the European Union’s CE certificate, Mining Products Safety Approval and Certification Center (MA), ATEX, CUTR, GOST and APIQ1 Quality Management System of American Petroleum Institute; and rail transportation gear transmission equipment products have obtained ISO/TS 22163 Certificate for the Quality Management System of International Railway Industry, CRCC Certification for Railway Products, and the IRIS “Silver” Certificate. During the Period under Review, Nanjing High Speed’s energy-saving and emission-reduction case was successfully selected as a “Carbon Path to the Future – 2024 Climate Action Exemplary Case” at the “2025 Climate Action Ecosystem Partners Conference”, showcasing the Group’s outstanding practices in green manufacturing as a high-end equipment manufacturing enterprise across multiple dimensions. Nanjing High Speed and other subsidiaries have passed ISO 14064 Organizational Greenhouse Gas Emissions Verification Certification, while NGC (Huai’an) High Speed Gear Manufacturing Co., Ltd. has also secured ISO 14067 Product Carbon Footprint Verification Certification.



MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

In the first half of 2025, the global environment was complex and volatile, the international economic and trade order suffered severe setbacks, the global economic growth momentum was insufficient and sharply divergent, while the external environment became increasingly unstable and uncertain. To cope with pressure and challenges, China persisted in coordinating domestic economic work with international economic and trade struggles, stepping up the implementation of more proactive and robust macroeconomic policies. As these policies were gradually implemented, their positive effects gradually emerged, with the Chinese economy showing a steady and positive development trend, demonstrating strong resilience and vitality. Data from the National Bureau of Statistics shows that China's GDP reached RMB66.05 trillion in the first half of 2025, representing a year-on-year increase of 5.3% at constant prices. The high-quality development of China's economy has been solidly advanced, and the fundamentals of long-term positive growth have remained unchanged.

As the transition of global energy accelerates, developing clean energy has become an essential path for countries to address climate change, ensure energy security, and achieve sustainable economic growth. In recent years, the domestic wind power industry has exhibited diverse development characteristics driven by policy guidance, market adjustments, and changes in the external environment. In the first half of 2025, the release of the "Notice on Deepening the Market-oriented New Energy Feed-in Tariff Reform and Promoting the High-quality Development of New Energy" 《關於深化新能源上網電價市場化改革促進新能源高質量發展的通知》 and the "Opinions on Promoting the High-quality Development of the Renewable Energy Green Electricity Certificate Market" 《關於促進可再生能源綠色電力證書市場高質量發展的意見》 drove the energy industry into a new stage of transformation and development. Traditional investment strategy is accelerating its transition to a "full lifecycle management" model, compelling the new energy industry to upgrade from equipment supply to full-chain services, thereby supporting the high-quality development of the wind power industry. In the short term, this shift in investment strategy may lead to adaptive fluctuations in wind power installed capacity. In the long term, under the continued advancement of the "dual carbon" strategy, the new energy industry will maintain its growth momentum, and the development prospects for the wind power industry remain vast.



MANAGEMENT DISCUSSION AND ANALYSIS

During the Period under Review, although wind turbine prices overall stabilised due to government regulation and the synergy of the entire industry chain, the core components sector continued to face structural pressures. Coupled with overcapacity in wind gear transmission equipment and low-price procurement by wind turbine enterprises, low-price competition in wind gear transmission equipment has become a normalised trend. In recent years, the increasing share of gearboxes independently developed by OEMs has compressed the free market. Additionally, the expansion of in-house gearbox procurement by some wind turbine enterprises has further compressed the open market share of wind gear transmission equipment, intensifying market competition. Furthermore, due to factors such as the intensification of international trade barriers and tightening of localization policies for economic development in certain countries or regions, overseas wind power demand has fallen short of expectations, posing certain challenges to the Group's international expansion of its wind gear transmission equipment business. In the face of market changes and multiple pressures, as a leading supplier of wind gear transmission equipment, the Group adheres to a zero-defect quality standard, optimises supply chain management, deepens its commitment to intelligent manufacturing and digital transformation, continuously increases R&D investment, upgrades service quality, and comprehensively enhances its lean manufacturing capabilities and quality management efficiency through the use of cutting-edge technologies. The Group is committed to providing diversified wind gear transmission equipment products and comprehensive solutions, along with a robust after-sales service system for the global market.

The Group's industrial gear transmission equipment business has always placed green development at the core of its strategy, unswervingly pursuing a path of energy conservation, environmental protection, and low-carbon development. Through green R&D and green manufacturing, we are committed to enhancing our comprehensive competitiveness. The Group has systematically refined its "standardisation, modularisation and serialisation" product system, driving industrial gear transmission technology towards a new level of "four highs, three lows" (high power, high speed, high load-bearing, high precision; low power consumption, low vibration, low noise). Furthermore, based on advanced drive technology, the Group has built an "integrated, intelligent, and digital" drive product system. Actively establishing deep cooperative relationships with domestic and international customers and leveraging its robust global R&D system and integrating advantageous resources, the Group has successfully developed a series of intelligent and interconnected products, providing customers with intelligent and customised solutions, thereby significantly enhancing its comprehensive competitiveness. With the slowdown in global economic growth, the gear industry has entered a stage of competition in the existing market, making competition more complex and diverse. Currently, under the "anti-involution" policy, "production reduction", "production restriction", and "profit protection" are becoming the consensus among many companies in the industry. The decline in industry demand and industrial restructuring resulting from capacity reductions and production controls in the steel and cement industries have placed unprecedented pressure on the Group's industrial gear transmission equipment business. In the face of the challenging manufacturing environment and ever-changing market challenges, the Group adheres to the business strategy of "maintaining existing markets" and "seeking growth". With a customer-centric approach, we continue to increase our R&D investment, improve our technological capabilities, further refine our "full-spectrum" product portfolio, precisely address customer needs, and enhance customer satisfaction and loyalty, collaborate with customers to pursue high-quality development. Meanwhile, the Group will also adjust its market structure and product mix to expand into emerging sectors and new product markets, and, in line with the Belt and Road Initiative, further explore its overseas capacity expansion, strive for sustained growth in the overseas export business and drive the steady development of the Group's industrial gear transmission equipment business.



MANAGEMENT DISCUSSION AND ANALYSIS

The Group has achieved remarkable success in the sector of rail transportation gear transmission equipment, with its products being widely used in the rail transportation segments, including high-speed rail, metro lines, urban express lines, and trams. With its outstanding product quality and professional service capabilities, the Group has established solid, long-term strategic partnerships with numerous leading domestic and international companies in the industry. Adhering to the “concept and process of zero defects”, the Group is committed to providing safe, reliable and quiet rail transportation gear transmission equipment products for global customers, along with comprehensive rail transportation gear transmission equipment solutions. Over 60,000 sets of metro gear transmission equipment manufactured by the Group have been successfully operating on major rail transit vehicles in numerous countries and regions, and have been well received and highly praised by domestic and international users. The current slowdown in domestic metro construction and a decline in metro vehicle procurement pose challenges to the steady development of the Group’s metro gear transmission equipment manufacturing business. The Group will actively expand its domestic and international metro gear transmission equipment markets and consolidate its existing market share by leveraging its profound technology accumulation, excellent product quality and comprehensive service system. Capitalising on the continuous enhancement of the Group’s brand reputation in the rail transit transmission equipment business, the Group aims to drive the rail transit transmission equipment business to new heights of development.

In the second half of 2025, the Group will continue to adhere to its strategic focus of “innovative thinking, zero-defect quality, professional services, and customer-proximity”, diversifying its product matrix, improving product quality and service standards, and continuously injecting strong momentum into the Group’s high-quality and intelligent development. Meanwhile, the Group will continue to stay attuned to market trends, comprehensively and deeply explore market potential, and actively expand new opportunities for business growth. Furthermore, the Group will remain committed to green development as its core direction, leveraging technological innovation as a driving force to lead the transition toward a green and low-carbon economy and empower global green and sustainable development.

INTERIM DIVIDEND

The board (the “Board”) of directors (the “Directors”) of the Company did not recommend to declare any interim dividend in respect of the six months ended 30 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

Revenue

Sales revenue of the Group for the Period under Review decreased by 1.8% to approximately RMB9,978,981,000, which was mainly due to the suspension of the trading business since November 2024, coupled with an increase in sales of wind gear transmission equipment.

	Revenue		
	Six months ended 30 June		
	2025	2024	Change
	RMB'000	RMB'000	
Wind gear transmission equipment	8,867,412	5,489,427	61.5%
Industrial gear transmission equipment	935,261	1,158,771	-19.3%
Rail transportation gear transmission equipment	175,716	135,792	29.4%
Trading business	–	3,373,243	N/A
Other products	592	2,461	-75.9%
Total	9,978,981	10,159,694	-1.8%

Gross profit margin and gross profit

During the Period under Review, the Group's consolidated gross profit margin was approximately 18.6% (30 June 2024: 13.3%), representing an increase of 5.3 percentage points as compared with the corresponding period of last year. Consolidated gross profit for the Period under Review was approximately RMB1,852,086,000 (30 June 2024: RMB1,354,468,000), representing an increase of 36.7% as compared with the corresponding period of last year. During the Period under Review, the increase in consolidated gross profit was mainly due to the increase in gross profit generated from the wind and industrial gear transmission equipment, and the increase in gross profit margin was mainly due to the suspension of our trading business with a lower gross profit margin during the Period under Review.

Other income

During the Period under Review, the Group's other income was approximately RMB157,888,000 (30 June 2024: RMB164,461,000), representing a decrease of 4.0% as compared with the corresponding period last year. Other income primarily comprised income from the sale of scraps and materials, as well as government subsidies.



MANAGEMENT DISCUSSION AND ANALYSIS

Other (losses)/gains – net

During the Period under Review, the Group's other net losses were approximately RMB396,199,000 (30 June 2024: other net gains of RMB20,807,000) and mainly included fair value losses on financial assets at FVPL.

Selling and distribution expenses

During the Period under Review, the Group's selling and distribution expenses were approximately RMB305,682,000 (30 June 2024: RMB224,312,000), representing an increase of 36.3% as compared with the corresponding period of last year. Selling and distribution expenses mainly comprised of product packaging expenses, transportation expenses, staff costs and business expenses. Selling and distribution expenses accounted for 3.1% of sales revenue (30 June 2024: 2.2%) for the Period under Review, representing an increase of 0.9 percentage points over the corresponding period of last year.

Administrative expenses

During the Period under Review, the Group's administrative expenses were approximately RMB297,208,000 (30 June 2024: RMB287,906,000), representing an increase of 3.2% as compared with the corresponding period of last year. The increase in administrative expenses was primarily attributable to an increase in professional fees of legal service and independent investigation. During the Period under Review, administrative expenses accounted for 3.0% (30 June 2024: 2.8%) of sales revenue, representing an increase of 0.2 percentage points over the corresponding period of last year.

Research and development costs

During the Period under Review, the Group's research and development costs amounted to approximately RMB451,528,000 (30 June 2024: RMB410,115,000), representing an increase of 10.1% as compared with the corresponding period of last year. Research and development costs accounted for 4.5% (30 June 2024: 4.0%) of sales revenue for the Period under Review, representing an increase of 0.5 percentage points over the corresponding period of last year.

Net impairment losses recognised on financial assets

During the Period under Review, the net impairment losses recognised on financial assets of the Group amounted to approximately RMB89,880,000 (30 June 2024: RMB809,454,000), primarily comprising impairment losses on trade receivables of RMB13,398,000 and impairment losses on other receivables of RMB76,482,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

During the Period under Review, the Group's finance costs were approximately RMB187,748,000 (30 June 2024: RMB401,135,000), representing a decrease of 53.2% as compared with the corresponding period of last year, which was mainly due to (i) the absence of interest expenses on put option liabilities during the Period under Review, as compared with RMB129,000,000 in the corresponding period of last year; and (ii) a decrease in loan interest rates and loan scale during the Period under Review as compared with the corresponding period of last year.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2025, the equity attributable to owners of the Company amounted to approximately RMB8,305,176,000 (31 December 2024: RMB8,400,086,000). The Group's total assets were approximately RMB38,635,484,000 (31 December 2024: RMB37,709,287,000), representing an increase of approximately RMB926,197,000 or 2.5% as compared with the beginning of the year. Total current assets were approximately RMB25,576,572,000 (31 December 2024: RMB24,186,756,000), representing an increase of 5.7% as compared with the beginning of the year. Total non-current assets were approximately RMB13,058,912,000 (31 December 2024: RMB13,522,531,000), representing a decrease of 3.4% as compared with the beginning of the year.

As at 30 June 2025, total liabilities of the Group were approximately RMB25,793,742,000 (31 December 2024: RMB25,150,002,000), representing an increase of approximately RMB643,740,000 or 2.6% as compared with the beginning of the year. Total current liabilities were approximately RMB18,239,131,000 (31 December 2024: RMB18,152,973,000), representing an increase of 0.5% as compared with the beginning of the year. Total non-current liabilities were approximately RMB7,554,611,000 (31 December 2024: RMB6,997,029,000), representing an increase of 8.0% as compared with the beginning of the year.

As at 30 June 2025, the net current assets of the Group were approximately RMB7,337,441,000 (31 December 2024: RMB6,033,783,000), representing an increase of approximately RMB1,303,658,000 or 21.6% as compared with the beginning of the year.

As at 30 June 2025, total cash and bank balances of the Group were approximately RMB7,248,677,000 (31 December 2024: RMB6,684,984,000), representing an increase of approximately RMB563,693,000 or 8.4% as compared with the beginning of the year. Total cash and bank balances included pledged bank deposits of RMB3,296,512,000 (31 December 2024: RMB2,810,765,000).

As at 30 June 2025, the Group had total borrowings of approximately RMB9,504,487,000 (31 December 2024: RMB9,166,345,000), representing an increase of approximately RMB338,142,000 or 3.7% as compared with the beginning of the year, of which borrowings due within one year amounted to RMB4,163,025,000 (31 December 2024: RMB4,237,783,000), accounting for 43.8% (31 December 2024: 46.2%) of the total borrowings. The Group's borrowings during the Period under Review bear interest rates from 2.3% to 4.45% per annum.



MANAGEMENT DISCUSSION AND ANALYSIS

Taking into account the capital generated internally, the banking credit available to the Group and the net current assets of approximately RMB7,337,441,000 as at 30 June 2025, the Directors believe that the Group will have sufficient capital to meet its working capital requirements and foreseeable capital expenditure.

Gearing ratio

The Group's gearing ratio (defined as total liabilities as a percentage of total assets) increased from 66.7% as at 31 December 2024 to 66.8% as at 30 June 2025.

Capital structure

The Group's operations were financed mainly by shareholders' equity, banking and other credits available to the Group and internal resources. The Group will continue to adopt its treasury policy of placing its cash and cash equivalents as interest-bearing deposits. The Group's cash and cash equivalents were mainly denominated in Renminbi and U.S. dollars. The Group's borrowings were primarily denominated in Renminbi.

As at 30 June 2025, the Group's borrowings with fixed interest rates accounted for approximately 41.6% of total borrowings.

PLEDGE OF ASSETS

Save as disclosed in note 22 to the condensed consolidated financial statements, the Group has made no further pledge of assets as at 30 June 2025.

CONTINGENT LIABILITIES

Save as disclosed in note 20 to the condensed consolidated financial statements, as at 30 June 2025, the Directors were not aware of any other material contingent liabilities.

CAPITAL COMMITMENTS

As at 30 June 2025, the Group had capital commitments contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of property, plant and machinery of approximately RMB494,056,000 (31 December 2024: RMB633,141,000). Relevant details are set out in note 21 to the condensed consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE RISK

The Group's operations are mainly conducted in the PRC. With the exception of export sales and imported equipment which are mainly denominated in U.S. dollars and Euro, the Group's domestic revenue and expenses are denominated in Renminbi. Therefore, the Board is of the view that the Group's operating cash flow and liquidity during the Period under Review were likely to face certain exchange rate risks. The Group does not use any foreign currency derivatives to hedge against the exposure in foreign exchange.

During the Period under Review, the net gains of foreign exchange (included in "other (losses)/gains – net") recorded by the Group was approximately RMB41,631,000 (30 June 2024: RMB1,143,000), which was mainly due to the gains from export business denominated in U.S. dollars and Euro as a result of fluctuations in the exchange rate of Renminbi against U.S. dollars and Euro during the Period under Review.

The Group have formulated foreign exchange risk management measures and strategies and will actively manage the net amount of foreign currency assets and liabilities to reduce its exposures to exchange rate risks.

INTEREST RATE RISK

During the Period under Review, the loans of the Group were mainly bank loans. Therefore, the benchmark lending rate announced by the People's Bank of China would have a direct impact on the Group's cost of debt, and future changes in interest rates would also have certain impact on the Group's cost of debt. The Group will strive to reduce the finance costs by actively monitoring the changes in credit policies, taking pre-emptive actions, strengthening capital management and widening financing channels.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, the Group employed approximately 8,107 employees (30 June 2024: 7,897). During the Period under Review, labor cost of the Group approximated to RMB941,656,000 (30 June 2024: RMB918,920,000). The cost included basic salaries, discretionary bonus and staff benefits such as medical and insurance plans, pension scheme, unemployment insurance plan, etc.

The remuneration committee of the Company is responsible for making recommendations to the Board on the Company's remuneration policy and structure of the Board members and senior management, the remuneration packages of executive Directors and senior management and the remuneration of non-executive Directors.

The Company's criteria in relation to the determination of Directors' remuneration takes into consideration factors including salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions of other positions in the Group and desirability of performance-based remuneration.



MANAGEMENT DISCUSSION AND ANALYSIS

The salary levels of employees are generally determined by reference to the employees' positions, responsibilities and performance as well as the Group's financial performance. In addition to salaries, the Group provides housing allowances to some of its employees. The Group also offers incentive programmes to encourage its employees to take initiatives and rewards employees who have made valuable contributions or achieved technical breakthroughs.

The Group's employees are rewarded for their creativity achievements in technologies and technical skills, management of information, product quality and corporate management.

PENSION SCHEMES

The employees of the Group in the PRC are covered by certain defined-contribution pension plans provided by the PRC government. Contributions under these plans are expensed as incurred and contributions paid to the defined contribution pension plans for a staff are not available to reduce the Group's future obligations to such defined-contribution pension plans. The Group also operates a Mandatory Provident Fund Scheme for all employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. Except for the U.S. employees, the non-PRC employees are covered by other defined-contribution pension plans provided by the government of their respective country of residence.

SIGNIFICANT INVESTMENT HELD DURING THE PERIOD UNDER REVIEW

As at 30 June 2025, the Group did not have any significant investments (including any investment in an investee company) accounting for more than 5% of the Group's total assets.

SIGNIFICANT ACQUISITION AND DISPOSAL DURING THE PERIOD UNDER REVIEW

During the Period under Review, the Group did not conduct any significant acquisition or disposal of subsidiaries and associates.

FUTURE PLANS RELATING TO MATERIAL INVESTMENT OR CAPITAL ASSET

During the Period under Review, save as disclosed in the paragraph headed "Capital Commitments" under this section and that the Group intended to expand its existing business through purchase of property, plant and equipment, the Group did not enter into any agreement in respect of any proposed acquisitions and did not have any other future plans relating to material investment or capital asset.

MATERIAL LITIGATIONS AND ARBITRATIONS

During the Period under Review, our subsidiaries commenced legal proceedings in relation to a criminal case involving suspected embezzlement and misappropriation of our subsidiaries' funds and assets* (公司資金、資產涉嫌被職務侵佔、挪用). For details, please refer to the Company's announcement dated 31 March 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL EVENTS AFTER THE PERIOD UNDER REVIEW

Save as disclosed in this report, there are no other material events affecting the Company and its subsidiaries that occurred after the Period under Review and up to the date of this report.

EXTRACT OF INDEPENDENT PRACTITIONER'S REVIEW REPORT TO THE BOARD OF DIRECTORS

The following is an extract of the Independent Practitioner's Review Report to the Board of Directors on the interim condensed consolidated financial information of the Group for the six months ended 30 June 2025.

Basis for Qualified Conclusion

Trade receivables and prepayments arising from trading business and related impairment

As set out in Notes 16 and 24 to the condensed consolidated financial statements, as at both 30 June 2025 and 31 December 2024, the gross carrying amounts of trade receivables and prepayments for purchase of bulk commodities arising from the trading business of the Group amounted to approximately RMB3,188,981,000 and RMB3,450,531,000 respectively (the **"Relevant Amounts"**). The Relevant Amounts were fully impaired as at both 30 June 2025 and 31 December 2024 with loss allowance on trade receivables of approximately RMB3,188,981,000 and provision of impairment on prepayments of approximately RMB3,450,531,000 recognised in the condensed consolidated statement of financial position as at both 30 June 2025 and 31 December 2024. Impairment loss in relation to the Relevant Amounts recognised in the condensed consolidated income statement for the six months periods ended 30 June 2025 and 2024 was Nil and approximately RMB540,998,000 respectively.

As disclosed in the Company's announcements dated 24 November 2024 and 6 February 2025, the agreements for the sales and purchase of commodities (the **"Relevant Agreements"**) were entered into by the Company's wholly owned subsidiaries, Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd. (**"Nanjing Drive"**), Nanjing Handa Import & Export Trading Co., Ltd. and Nanjing Shengzhuang Supply Chain Co., Ltd. (collectively the **"Relevant Subsidiaries"**) in or around 2023 without the approval of the board of directors of the Company (the **"Board"**). In view of the seriousness of the above matters, the Board resolved to establish an independent investigation committee and engaged an independent investigation consultant to conduct an independent investigation which aims at establishing the relevant facts and circumstances regarding the Relevant Agreements and the Relevant Amounts (the **"Independent Investigation"**).

As disclosed in the announcement of the Company dated 16 March 2025, a report has been made by the Relevant Subsidiaries to the authorities in the Peoples' Republic of China, requesting an investigation into the Relevant Agreements and the Relevant Amounts. On 13 March 2025, the Nanjing Public Security Bureau, Jiangning Branch has initiated a formal investigation (the **"Criminal Investigation"**) into a criminal case involving suspected embezzlement and misappropriation of the Relevant Subsidiaries' funds and assets by individual(s) in position(s) of authority.

Up to the date of approval of these condensed consolidated financial statements, the Independent Investigation and the Criminal Investigation are still in progress.



MANAGEMENT DISCUSSION AND ANALYSIS

We were unable to obtain sufficient appropriate evidence about the existence, accuracy, valuation and completeness of the Relevant Amounts as at 30 June 2025 and 31 December 2024 and the nature of prepayment. Accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of the gross carrying amount of and loss allowance on trade receivables and gross carrying amount and provision for impairment on prepayments recognised in the condensed consolidated statement of financial position as at 30 June 2025 and 31 December 2024. Due to the lack of sufficient appropriate evidence in relation to the Relevant Amounts and Relevant Agreements, we were also unable to determine whether the Relevant Amounts constitute related party balances and whether the related party disclosures in the condensed consolidated financial statements are complete.

Any adjustments found to be necessary might have consequential effect on the profit or loss of the Group for the six months ended 30 June 2025 and 2024, net assets of the Group as at 30 June 2025 and 31 December 2024 and the related elements and disclosures in the condensed consolidated financial statements.

Transactions under the Group's engineering, procurement and construction project (the "EPC project")

The Company's wholly owned subsidiary, Nanjing Drive, acted as the main contractor of the EPC project since prior years and subcontracted the project works to several subcontractors. As at both 30 June 2025 and 31 December 2024, advance receipts from the customer for the EPC project of approximately RMB467,760,000 was recognised as contract liabilities, and the corresponding payments to subcontractors of approximately RMB297,212,000 were recognised as prepayments. As at 30 June 2025 and 31 December 2024, subcontractors service cost incurred of approximately RMB997,721,000 and RMB994,052,000 was recognised as inventories respectively.

Up to the date of approval of these condensed consolidated financial statements, the Group is in the process of investigating the costs incurred for and progress of the EPC project with several subcontractors. In view of the uncertainty of the EPC project, no revenue or costs were recognised in profit or loss for the six months ended 30 June 2025.

We were unable to obtain sufficient appropriate evidence about the existence, accuracy, valuation and completeness of the contract liabilities and of the gross carrying amounts of the prepayments and inventories in relation to the EPC project as at 30 June 2025 and 31 December 2024. We were also unable to obtain sufficient appropriate evidence to substantiate the progress of the EPC project as at 30 June 2025 and 2024 and accordingly we were unable to determine whether any revenue and subcontracting costs in relation to the EPC project should be recognised in the profit or loss for the six months ended 30 June 2025 and 2024.

Any adjustments found to be necessary might have consequential effect on the related revenue and cost of sales and the profit or loss of the Group for the six months ended 30 June 2025 and 2024, net assets of the Group as at 30 June 2025 and 31 December 2024 and the related disclosures thereof in the condensed consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial assets at fair value through profit or loss

As set out in Note 15 to the condensed consolidated financial statements, as at 30 June 2025 and 31 December 2024, included in financial assets at fair value through profit or loss were equity investments in three limited partnerships with carrying amounts of Nil and RMB423,300,000 respectively (the “Investments”). During the six months ended 30 June 2025, the Group recognised loss on fair value change of RMB423,300,000 in relation to the Investments.

As represented by the management, despite all reasonable efforts taken by them, they were unable to obtain sufficient and necessary financial information of the Investments as at 30 June 2025 and 31 December 2024 for the fair value determination of the Investments. Accordingly, we were unable to obtain sufficient appropriate evidence about the accuracy and valuation of the carrying amounts of the Investments as at 30 June 2025 and 31 December 2024 and we were unable to determine whether the Investments as at 30 June 2025 and 31 December 2024 and the corresponding loss from fair value changes for the six months ended 30 June 2025 were free from material misstatements.

Any adjustments found to be necessary might have consequential effect on the related loss on fair values changes and the profit or loss of the Group for the six months ended 30 June 2025, net assets of the Group as at 30 June 2025 and 31 December 2024 and the related disclosures thereof in the condensed consolidated financial statements.

Qualified Conclusion

Based on our review, except for the possible effects of the matters described in the Basis for Qualified Conclusion section, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements for the six months ended 30 June 2025 are not prepared, in all material respects, in accordance with IAS 34.

The Company and the Audit Committee’s View on the Qualified Conclusion

Trade receivables and prepayments arising from trading business and related impairment

Management acknowledges the issues raised by the independent practitioner regarding the inability to recover the relevant trade receivables and prepayments and the lack of sufficient evidence for relevant transactions and balances and the disclosure of related party transactions, in light of the suspected embezzlement and misappropriation of the Group’s funds and assets which is currently under criminal investigation and Independent Investigation of the Company’s independent investigation committee (the “Ongoing Investigations”). Management believes that the findings from the Ongoing Investigations will be helpful for addressing the Qualified Conclusion. The management has assessed the maximum potential losses as at both 30 June 2025 and 31 December 2024, and regards it as prudent to record a full impairment loss of the relevant trade receivables and prepayments.



MANAGEMENT DISCUSSION AND ANALYSIS

Management remains fully committed to assisting with and facilitating the Ongoing Investigations, and is actively taking steps with a view to pursuing appropriate legal actions against relevant companies and individuals to protect the interests of the Company. At the same time, all commodities trading operations have been suspended.

The Audit Committee concurs with the treatments on the trade receivables and prepayments arising from trading business and related impairment.

Transactions under the Group's EPC Project

The EPC Project has been undertaken by Nanjing Drive in Henan, China and primarily managed by the Company's former director, Mr. Fang Jian ("Mr. Fang"). Since Mr. Fang had only handed over limited and incomplete information about the EPC Project following his departure from Nanjing Drive, the new management team of Nanjing Drive has been unable to procure the full cooperation of the subcontractors and project owner for investigation of the costs incurred for the EPC project and reconciliation of accounts with subcontractors and project owner. This has resulted in the difficulty with obtaining adequate information about the progress and costs of the EPC project.

Management is continuously making all reasonable efforts to investigate the costs incurred and reconcile the accounts with the subcontractors and project owner, including making formal requests for cooperation, issuing formal demands via legal representatives and taking legal actions under the relevant contractual arrangements and applicable laws. Management believes that the results of investigation and reconciliation will be helpful in addressing the Qualified Conclusion.

The Audit Committee concurs with the treatment on the EPC Project.

Financial assets at fair value through profit or loss

The equity investments in the three limited partnerships were made by Nanjing Drive under the direction of Mr. Fang, namely Ningbo Nangao Jingchuan Enterprise Management Partnership L.P., Ningbo Gaona Jingte Enterprise Management Partnership L.P. and Ningbo Gaotai Jingli Enterprise Management Partnership L.P.. Since those limited partnerships have not provided sufficient materials and information required for the valuation, such valuation work has not been completed yet.

Management is continuously making all reasonable efforts to obtain from the limited partnerships the necessary materials and information for valuation, including making formal requests for such materials and information, issuing formal demands via legal representatives. In addition, management has pursued alternative methods to evaluate the financial position of these limited partnerships. The Group has engaged a lawyer to conduct due diligence on the background and financial capacity of the debtors of these limited partnerships. The due diligence report concluded that the recoverability of certain receivables is remote. Management believes it is highly probable that these limited partnerships are in a distressed financial position. Therefore, in the interest of prudence, the Group recognised a fair value loss of RMB423 million during the six months ended 30 June 2025.

The Audit Committee concurs with the treatment on the equity investments in three limited partnerships.

MANAGEMENT DISCUSSION AND ANALYSIS

Proposed Actions to Address the Qualified Conclusion

The Company is committed to taking prompt and necessary actions to resolve the issues in relation to the qualified conclusion (the “Issues”) and will work closely with auditor of the Company (the “Auditor”) to address the Issues. The Company’s proposed actions are as follows:

- (a) In relation to trade receivables and prepayments arising from trading business and related impairment and whether they were related party transactions, the Company will continue to render all necessary support to the Ongoing Investigations.
- (b) In relation to the Group’s EPC Project, the Company will continue to take further legal actions against the project owner and other relevant parties to (i) obtain the requested information for investigating the cost incurred, (ii) complete account reconciliation, onsite inspection and project cost inspection report.
- (c) In relation to the fair value assessment of financial assets at fair value through profit or loss, the Company will maintain communications with the three limited partnerships to obtain the requested information on their underlying assets for fair value assessment. The Company will also, if necessary, issue formal demands via legal representatives and consider appropriate actions under the relevant contractual arrangements and applicable laws.

The Company will progress these actions as expeditiously as possible and will maintain close communication with the Auditor. The Company and the Board are confident that such measures will be effective in addressing the Issues identified. The Company’s Audit Committee has also reviewed and endorsed management’s approach to the action plan for addressing the Qualified Conclusion, and has agreed with the proposed actions. In the meantime, the Company will continue to conduct its business in a compliant, open and transparent manner.



CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

During the Period under Review, the Company has complied with the code provisions set out in the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”), except for the deviation from code provision C.2.1 which states that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

Mr. Hu Jichun is the chairman of the Board and the chief executive officer of the Company (the “**Chief Executive Officer**”). The Board considers that vesting the roles of both chairman of the Board and chief executive officer of the Company in Mr. Hu Jichun is beneficial to the business development and management of the Group, enabling the Company to formulate and implement decisions promptly and efficiently while the balance of functions and power will not be impaired. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer of the Company from time to time in light of the prevailing circumstances of the Company.

DIRECTORS

Mr. Hu Yueming, Mr. Chen Yongdao, Ms. Zheng Qing and Dr. Chan Yau Ching, Bob were re-elected as Directors by shareholders at the 2024 annual general meeting of the Company held on 27 June 2025.

The composition of the Board is as follows:

Executive Directors:

Mr. Hu Jichun (*Chairman and Chief Executive Officer*)

Mr. Hu Yueming

Mr. Chen Yongdao

Mr. Zhou Zhijin

Ms. Zheng Qing

Mr. Gu Xiaobin

Non-executive Director:

Mr. Ye Xingming

Independent Non-executive Directors:

Mr. Jiang Xihe (*Lead Independent Non-Executive Director*)

Ms. Jiang Jianhua

Dr. Chan Yau Ching, Bob

Mr. Nathan Yu Li

CORPORATE GOVERNANCE AND OTHER INFORMATION

Mr. Hu Yueming is the father of Mr. Hu Jichun. Apart from this, each of the Directors has no financial, business or family relationship with any other Directors, senior management or substantial or controlling shareholders of the Company.

During the Period under Review, in compliance with Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed as least three independent non-executive Directors and at least one independent non-executive Director has accounting or financial management expertise. The Company has also complied with Rule 3.10A of the Listing Rules, as the number of independent non-executive Director represents at least one-third of the Board.

CHANGES IN INFORMATION OF DIRECTORS DURING TENURE

The changes in the information of the following Directors during the Period under Review and up to the date of this report are as follows:

Positions held in the Company

Name of Director	Details of Change
Mr. Fang Jian	Removed by the Board with effect from 1 March 2025.
Ms. Jiang Jianhua	Appointed as a member of the Nomination Committee of the Company with effect from 27 June 2025.
Mr. Jiang Xihe	Appointed as the Lead Independent Non-Executive Director with effect from 27 June 2025.
Mr. Ye Xingming	Appointed as a non-executive Director with effect from 2 July 2025.

Save as disclosed above, there is no other change in information of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' REMUNERATION

For the six months ended 30 June 2025, Directors' remuneration (including any fixed or discretionary bonuses and the payment prescribed in the service contract) was RMB7,596,000. Details of which are set out in the note 23(c) to the condensed consolidated financial statements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model code set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 to the Listing Rules as its internal code of conduct regarding Directors' securities transactions. The Company has made specific enquiries of all Directors and all Directors have confirmed that they have complied with the required standard set out in the Model Code during the Period under Review. The Company will continue to ensure the compliance with the Model Code.



CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE SCHEME

As at 30 June 2025, the Group did not have any share scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period under Review, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As at 30 June 2025, the Company did not hold any of treasury shares.

AUDIT COMMITTEE

The Company established the audit committee as approved by the Board on 8 June 2007 in accordance with Rule 3.21 of the Listing Rules. The audit committee currently comprises three independent non-executive Directors, namely Mr. Jiang Xihe, Dr. Chan Yau Ching, Bob and Mr. Nathan Yu Li. Mr. Jiang Xihe is the chairman of the audit committee.

The audit committee has established written terms of reference (updated on 31 October 2024), which have been published on the websites of the Company and the Hong Kong Stock Exchange. The primary duties of the audit committee are to review and provide supervision on the financial reporting process, risk management and internal control systems of the Company as well as nominating and supervising the external auditor and offering advice and recommendations to the Board.

The Group's 2025 interim report and unaudited condensed consolidated financial statements for the six months ended 30 June 2025 have been reviewed by the audit committee. The audit committee considered that the financial statements are in compliance with the applicable accounting standards and legal requirements, and that adequate disclosures have been made.

CORPORATE GOVERNANCE AND OTHER INFORMATION

REMUNERATION COMMITTEE

The Company established the remuneration committee as approved by the Board on 8 June 2007. The remuneration committee currently comprises Dr. Chan Yau Ching, Bob and Mr. Jiang Xihe, who are independent non-executive Directors, and Mr. Chen Yongdao, who is an executive Director. Dr. Chan Yau Ching, Bob is the chairman of the remuneration committee.

The remuneration committee has established written terms of reference (updated on 31 October 2024) which have been published on the websites of the Company and the Hong Kong Stock Exchange. The primary duties of the remuneration committee are to make recommendations to the Board on the Company's remuneration policy (including benefits in kind, pension rights and compensation payments, compensation for loss or termination of their office or appointment) and structure of the members of the Board and senior management, the remuneration packages of individual executive Director and senior management, and the remuneration of non-executive Directors.

The remuneration committee has adopted the model that it will review the proposals made by the management on the remuneration of individual Directors and senior management, and make recommendations to the Board. The Board will have final authority to approve the recommendations made by the remuneration committee.

NOMINATION COMMITTEE

The Company has established the nomination committee with effect from 1 April 2012. The nomination committee currently comprises Mr. Hu Jichun, the chairman of the Board and Chief Executive Officer, and Mr. Jiang Xihe, Ms. Jiang Jianhua and Mr. Nathan Yu Li, independent non-executive Directors. Mr. Hu Jichun is the chairman of the nomination committee.

The nomination committee has established written terms of reference (updated on 27 June 2025) which have been published on the websites of the Company and the Hong Kong Stock Exchange. The primary duties of the nomination committee are to study the candidates, selection criteria and procedures of the Board members and the Company's senior management and give recommendations, and review the structure, number and composition of the Board at least once a year to implement the Company's corporate strategies.

The Company adopted the board diversity policy on 1 September 2013 (updated on 31 October 2024) and strives to select the most appropriate candidates to be appointed as members of the Board. The selection of suitable candidates for directorship will be based on a range of diversity criteria including education background, professional experience, skills, knowledge and time commitments. Neither the Board nor the nomination committee has set any measurable objective implementing the board diversity policy, and the nomination committee considered an appropriate balance of diversity perspectives of the Board is maintained.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE COMPANY'S AND ITS ASSOCIATED CORPORATIONS' ISSUED SHARES

As at 30 June 2025, save as disclosed below, none of the Directors or the chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) which would be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests or short positions in which they were taken or deemed to have under such provisions of the Securities and Futures Ordinance), or which would be required, pursuant to Section 352 of the Securities and Futures Ordinance, to be recorded in the register referred to therein, or which would be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

ASSOCIATED CORPORATION

Name of Director	Name of associated corporation	Nature of interest	Approximate amount of registered capital in the associated corporation	Approximate percentage of shareholding in the associated corporation
Mr. Hu Yueming	Nanjing High Speed	Interest in controlled corporation (<i>Notes 1, 2</i>)	RMB150,000,000	6.98%
Mr. Zhou Zhijin	Nanjing High Speed	Interest in controlled corporation (<i>Notes 1, 3</i>)	RMB7,400,000	0.344%
Mr. Gu Xiaobin	Nanjing High Speed	Other (<i>Notes 1, 4, 5</i>)	RMB8,400,000	0.391%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (1) Nanjing High Speed is owned as to approximately 6.98% by Jinhu Shifu Enterprise Management LLP* (金湖驪福企業管理合夥企業(有限合夥)) (“Employee Partnership Enterprise”, formerly known as Shanghai Shifu Enterprise Management LLP* (上海驪福企業管理合夥企業(有限合夥))).
- (2) The Employee Partnership Enterprise is a limited liability partnership controlled by Jinhu Shiji Enterprise Management Consultancy Co., Ltd.* (金湖驪吉企業管理諮詢有限公司) (“Jinhu Shiji”, formerly known as Shanghai Shiji Enterprise Management Consultancy Co., Ltd.* (上海驪吉企業管理諮詢有限公司)), the sole general partner of the Employee Partnership Enterprise. Mr. Hu Yueming is the sole director and sole shareholder of Jinhu Shiji. Hence, Mr. Hu Yueming is deemed to have the sole discretion to exercise 100% of the voting rights of the Employee Partnership Enterprise.
- (3) The Employee Partnership Enterprise is owned as to approximately 10.56% by Jinhu Jiding Information Consultancy Services LLP* (金湖吉鼎信息諮詢服務合夥企業(有限合夥)) (“Jinhu Jiding”, formerly known as Shouguang Jiding Information Consultancy Services LLP* (壽光吉鼎信息諮詢服務合夥企業(有限合夥))), as one of the limited partners of the Employee Partnership Enterprise. Mr. Zhou Zhijin is one of the limited partners of Jinhu Jiding and holds approximately 46.70% interest in Jinhu Jiding.
- (4) The Employee Partnership Enterprise is owned as to approximately 23.58% by Jinhu Dingchuang Information Consultancy Services LLP* (金湖鼎創信息諮詢服務合夥企業(有限合夥)) (“Jinhu Dingchuang”, formerly known as Shouguang Dingchuang Information Consultancy Services LLP* (壽光鼎創信息諮詢服務合夥企業(有限合夥))), as one of the limited partners of the Employee Partnership Enterprise. Mr. Gu Xiaobin is one of the limited partners of Jinhu Dingchuang and holds approximately 20.92% interest in Jinhu Dingchuang.
- (5) The Employee Partnership Enterprise is owned as to approximately 15.84% by Jinhu Dingneng Information Consultancy Services LLP* (金湖鼎能信息諮詢服務合夥企業(有限合夥)) (“Jinhu Dingneng”, formerly known as Shouguang Dingneng Information Consultancy Services LLP* (壽光鼎能信息諮詢服務合夥企業(有限合夥))), as one of the limited partners of the Employee Partnership Enterprise. Mr. Gu Xiaobin is one of the limited partners of Jinhu Dingneng and holds approximately 4.21% interest in Jinhu Dingneng.

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) which were required to be entered in the register to be kept under section 352 of the Securities and Futures Ordinance or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code. None of the Directors and chief executives of the Company or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE COMPANY'S ISSUED SHARES

As at 30 June 2025, the following persons (other than the Directors or the chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance and so far as the Directors are aware, or which would be required, pursuant to Section 336 of the Securities and Futures Ordinance, to be entered in the register referred to therein:

Name	Nature of interest	Number of ordinary shares held	Approximate percentage to the issued shares of the Company (%)
Five Seasons XVI Limited ("Five Seasons") (Note 1)	Beneficial owner	1,171,240,693 (Long Position)	71.62% (Long Position)
Five Seasons III Limited (Note 1)	Beneficial owner	1,000 (Long Position)	0.00 (Long Position) (Note 2)
Fullshare Holdings Limited ("Fullshare Holdings")	Interest of controlled corporation	1,171,241,693 (Long Position)	71.62% (Long Position)

Notes:

- (1) Five Seasons, a company incorporated in the British Virgin Islands. Five Seasons III Limited is a fellow subsidiary of Five Seasons. Both Five Seasons and Five Seasons III Limited are wholly-owned by Fullshare Holdings (stock code: 607.HK). Under the Securities and Futures Ordinance, Fullshare Holdings is deemed to be interested in the shares held by Five Seasons and Five Seasons III Limited. Accordingly, Fullshare Holdings is considered to have interests in 1,171,241,693 shares of the Company, representing approximately 71.62% of the issued shares of the Company.
- (2) The relevant figure is less than 0.01.

Save as disclosed above and so far as the Directors are aware, as at 30 June 2025, there was no other person, other than the Directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or which would be required, pursuant to Section 336 of the Securities and Futures Ordinance, to be entered in the register referred to therein.

INDEPENDENT PRACTITIONER'S REVIEW REPORT



國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

Independent Practitioner's Review Report to the Board of Directors of China High Speed Transmission Equipment Group Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China High Speed Transmission Equipment Group Co., Ltd. (the "Company") set out on pages 36 to 68, which comprise the condensed consolidated statement of financial position as at 30 June 2025, and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended, and notes to the condensed consolidated financial statements.

DIRECTOR'S RESPONSIBILITY

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on the condensed consolidated financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of the condensed consolidated financial statements in accordance with IAS 34, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

PRACTITIONER'S RESPONSIBILITY

Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our review in accordance with Hong Kong Standard on Review Engagements (HKSRE) 2400 (Revised), *Engagements to Review Historical Financial Statements* issued by the Hong Kong Institute of Certified Public Accountants. HKSRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements, taken as a whole, are not prepared in all material respects in accordance with IAS 34. This Standard also requires us to comply with relevant ethical requirements.



INDEPENDENT PRACTITIONER'S REVIEW REPORT *(continued)*

PRACTITIONER'S RESPONSIBILITY (CONTINUED)

A review of condensed consolidated financial statements in accordance with HKSRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with Hong Kong Standards on Auditing. Accordingly, we do not express an audit opinion on these condensed consolidated financial statements.

BASIS FOR QUALIFIED CONCLUSION

Trade receivables and prepayments arising from trading business and related impairment

As set out in Notes 16 and 24 to the condensed consolidated financial statements, as at both 30 June 2025 and 31 December 2024, the gross carrying amounts of trade receivables and prepayments for purchase of bulk commodities arising from the trading business of the Group amounted to approximately RMB3,188,981,000 and RMB3,450,531,000 respectively (the "Relevant Amounts"). The Relevant Amounts were fully impaired as at both 30 June 2025 and 31 December 2024 with loss allowance on trade receivables of approximately RMB3,188,981,000 and provision of impairment on prepayments of approximately RMB3,450,531,000 recognised in the condensed consolidated statement of financial position as at both 30 June 2025 and 31 December 2024. Impairment loss in relation to the Relevant Amounts recognised in the condensed consolidated income statement for the six months periods ended 30 June 2025 and 2024 was Nil and approximately RMB540,998,000 respectively.

As disclosed in the Company's announcements dated 24 November 2024 and 6 February 2025, the agreements for the sales and purchase of commodities (the "Relevant Agreements") were entered into by the Company's wholly owned subsidiaries, Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd. ("Nanjing Drive"), Nanjing Handa Import & Export Trading Co., Ltd. and Nanjing Shengzhuang Supply Chain Co., Ltd. (collectively the "Relevant Subsidiaries") in or around 2023 without the approval of the board of directors of the Company (the "Board"). In view of the seriousness of the above matters, the Board resolved to establish an independent investigation committee and engaged an independent investigation consultant to conduct an independent investigation which aims at establishing the relevant facts and circumstances regarding the Relevant Agreements and the Relevant Amounts (the "Independent Investigation").

As disclosed in the announcement of the Company dated 16 March 2025, a report has been made by the Relevant Subsidiaries to the authorities in the Peoples' Republic of China, requesting an investigation into the Relevant Agreements and the Relevant Amounts. On 13 March 2025, the Nanjing Public Security Bureau, Jiangning Branch has initiated a formal investigation (the "Criminal Investigation") into a criminal case involving suspected embezzlement and misappropriation of the Relevant Subsidiaries' funds and assets by individual(s) in position(s) of authority.

INDEPENDENT PRACTITIONER'S REVIEW REPORT *(continued)*

BASIS FOR QUALIFIED CONCLUSION (CONTINUED)

Trade receivables and prepayments arising from trading business and related impairment (Continued)

Up to the date of approval of these condensed consolidated financial statements, the Independent Investigation and the Criminal Investigation are still in progress.

We were unable to obtain sufficient appropriate evidence about the existence, accuracy, valuation and completeness of the Relevant Amounts as at 30 June 2025 and 31 December 2024 and the nature of prepayment. Accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of the gross carrying amount of and loss allowance on trade receivables and gross carrying amount and provision for impairment on prepayments recognised in the condensed consolidated statement of financial position as at 30 June 2025 and 31 December 2024. Due to the lack of sufficient appropriate evidence in relation to the Relevant Amounts and Relevant Agreements, we were also unable to determine whether the Relevant Amounts constitute related party balances and whether the related party disclosures in the condensed consolidated financial statements are complete.

Any adjustments found to be necessary might have consequential effect on the profit or loss of the Group for the six months ended 30 June 2025 and 2024, net assets of the Group as at 30 June 2025 and 31 December 2024 and the related elements and disclosures in the condensed consolidated financial statements.

Transactions under the Group's engineering, procurement and construction project (the "EPC project")

The Company's wholly owned subsidiary, Nanjing Drive, acted as the main contractor of the EPC project since prior years and subcontracted the project works to several subcontractors. As at both 30 June 2025 and 31 December 2024, advance receipts from the customer for the EPC project of approximately RMB467,760,000 was recognised as contract liabilities, and the corresponding payments to subcontractors of approximately RMB297,212,000 were recognised as prepayments. As at 30 June 2025 and 31 December 2024, subcontractors service cost incurred of approximately RMB997,721,000 and RMB994,052,000 was recognised as inventories respectively.

Up to the date of approval of these condensed consolidated financial statements, the Group is in the process of investigating the costs incurred for and progress of the EPC project with several subcontractors. In view of the uncertainty of the EPC project, no revenue or costs were recognised in profit or loss for the six months ended 30 June 2025.

BASIS FOR QUALIFIED CONCLUSION (CONTINUED)

Transactions under the Group's engineering, procurement and construction project (the "EPC project") (Continued)

We were unable to obtain sufficient appropriate evidence about the existence, accuracy, valuation and completeness of the contract liabilities and of the gross carrying amounts of the prepayments and inventories in relation to the EPC project as at 30 June 2025 and 31 December 2024. We were also unable to obtain sufficient appropriate evidence to substantiate the progress of the EPC project as at 30 June 2025 and 2024 and accordingly we were unable to determine whether any revenue and subcontracting costs in relation to the EPC project should be recognised in the profit or loss for the six months ended 30 June 2025 and 2024.

Any adjustments found to be necessary might have consequential effect on the related revenue and cost of sales and the profit or loss of the Group for the six months ended 30 June 2025 and 2024, net assets of the Group as at 30 June 2025 and 31 December 2024 and the related disclosures thereof in the condensed consolidated financial statements.

Financial assets at fair value through profit or loss

As set out in Note 15 to the condensed consolidated financial statements, as at 30 June 2025 and 31 December 2024, included in financial assets at fair value through profit or loss were equity investments in three limited partnerships with carrying amounts of Nil and RMB423,300,000 respectively (the "Investments"). During the six months ended 30 June 2025, the Group recognised loss on fair value change of RMB423,300,000 in relation to the Investments.

As represented by the management, despite all reasonable efforts taken by them, they were unable to obtain sufficient and necessary financial information of the Investments as at 30 June 2025 and 31 December 2024 for the fair value determination of the Investments. Accordingly, we were unable to obtain sufficient appropriate evidence about the accuracy and valuation of the carrying amounts of the Investments as at 30 June 2025 and 31 December 2024 and we were unable to determine whether the Investments as at 30 June 2025 and 31 December 2024 and the corresponding loss from fair value changes for the six months ended 30 June 2025 were free from material misstatements.

Any adjustments found to be necessary might have consequential effect on the related loss on fair values changes and the profit or loss of the Group for the six months ended 30 June 2025, net assets of the Group as at 30 June 2025 and 31 December 2024 and the related disclosures thereof in the condensed consolidated financial statements.

INDEPENDENT PRACTITIONER'S REVIEW REPORT *(continued)*

QUALIFIED CONCLUSION

Based on our review, except for the possible effects of the matters described in the *Basis for Qualified Conclusion* section, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements for the six months ended 30 June 2025 are not prepared, in all material respects, in accordance with IAS 34.

OTHER MATTERS

The comparative condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period ended 30 June 2024 and the relevant explanatory notes included in these condensed consolidated financial statements were extracted from the interim financial information of the Group for the six months ended 30 June 2024, which were reviewed by another firm of practitioners who was the auditor of the Group and who expressed an unmodified conclusion on that interim financial information on 28 August 2024.

The comparative condensed consolidated statement of financial position as at 31 December 2024 and the relevant explanatory notes included in these condensed consolidated financial statements were extracted from the consolidated financial statements of the Group for the year ended 31 December 2024 which were audited by the same auditor who expressed a qualified opinion on those consolidated financial statements on 28 March 2025 in respect of the matters described in the *Basis for Qualified Conclusion* section above.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hon Koon Fai, Alex
Practising certificate number: P05029

Hong Kong, 29 August 2025

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2025

		Unaudited Six months ended 30 June	
	Note	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers	5	9,978,981	10,159,694
Cost of sales		(8,126,895)	(8,805,226)
Gross profit		1,852,086	1,354,468
Selling and distribution expenses		(305,682)	(224,312)
Administrative expenses		(297,208)	(287,906)
Research and development costs		(451,528)	(410,115)
Net impairment losses recognised on financial assets	16	(89,880)	(809,454)
Other income	6	157,888	164,461
Other (losses)/gains – net	7	(396,199)	20,807
Operating profit/(loss)		469,477	(192,051)
Finance income	9	42,545	62,895
Finance costs	9	(187,748)	(401,135)
Finance costs – net		(145,203)	(338,240)
Share of results of associates		(9,479)	(473)
Profit/(loss) before income tax		314,795	(530,764)
Income tax (expenses)/credit	10	(73,176)	183,633
Profit/(loss) for the period		241,619	(347,131)
Profit/(loss) for the period attributable to:			
– Owners of the Company		(136,061)	(528,733)
– Non-controlling interests		377,680	181,602
		241,619	(347,131)
Loss per share (expressed in RMB)			
Basic and diluted loss per share	11	(0.083)	(0.323)

The accompanying notes are an integral part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Unaudited Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Profit/(loss) for the period	241,619	(347,131)
Other comprehensive income/(loss) for the period:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
– Changes in fair value of debt instruments at fair value through other comprehensive income	4,996	(1,031)
– Exchange differences on translation of foreign operations	(176)	33,320
– Income tax relating to these items	(382)	124
	4,438	32,413
<i>Items that will not be reclassified to profit or loss:</i>		
– Changes in fair value of equity instruments at fair value through other comprehensive income	35,588	(219,377)
– Income tax relating to these items	812	53,762
	36,400	(165,615)
Other comprehensive income/(loss), net of tax	40,838	(133,202)
Total comprehensive income/(loss) for the period	282,457	(480,333)
Total comprehensive income/(loss) attributable to:		
– Owners of the Company	(94,910)	(660,791)
– Non-controlling interests	377,367	180,458
	282,457	(480,333)

The accompanying notes are an integral part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
	Note		
Non-current assets			
Property, plant and equipment	13	10,146,643	10,232,835
Right-of-use assets	13	742,833	750,767
Goodwill		26,142	26,142
Investments in associates		200,457	209,936
Financial assets at fair value through other comprehensive income ("FVOCI")	14	1,358,080	1,322,492
Financial assets at fair value through profit or loss ("FVPL")	15	–	423,300
Deferred tax assets		584,757	557,059
		13,058,912	13,522,531
Current assets			
Inventories		6,307,225	6,052,537
Trade receivables	16	7,607,642	6,159,052
Other receivables	16	1,375,738	1,441,015
Prepayments		389,408	380,470
Financial assets at FVOCI	14	2,421,078	3,348,203
Financial assets at FVPL	15	194,987	108,141
Income tax recoverable		31,817	12,354
Pledged bank deposits	17	3,296,512	2,810,765
Cash and cash equivalents	17	3,952,165	3,874,219
		25,576,572	24,186,756

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 30 June 2025

	Note	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Current liabilities			
Trade payables	18	4,982,816	4,287,778
Bills payable	18	5,554,190	5,084,115
Other payables	18	1,358,203	1,816,485
Contract liabilities		1,123,161	1,613,686
Borrowings	19	4,163,025	4,237,783
Deferred income		85,813	69,533
Income tax payable		140,373	134,799
Warranty provision		831,550	908,794
		18,239,131	18,152,973
Net current assets		7,337,441	6,033,783
Total assets less current liabilities		20,396,353	19,556,314
Non-current liabilities			
Borrowings	19	5,341,462	4,928,562
Deferred income		652,510	675,359
Warranty provision		1,450,042	1,260,019
Deferred tax liabilities		110,597	133,089
		7,554,611	6,997,029
Net assets		12,841,742	12,559,285
Capital and reserves			
Share capital		119,218	119,218
Reserves		8,185,958	8,280,868
Equity attributable to owners of the Company		8,305,176	8,400,086
Non-controlling interests		4,536,566	4,159,199
Total equity		12,841,742	12,559,285

The accompanying notes are an integral part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company				Non-	Total equity
	Share capital	Other reserves	Retained earnings	Total	controlling interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024 (audited)	119,218	2,364,362	7,789,730	10,273,310	3,638,914	13,912,224
(Loss)/profit for the period	–	–	(528,733)	(528,733)	181,602	(347,131)
Other comprehensive loss for the period	–	(132,058)	–	(132,058)	(1,144)	(133,202)
Total comprehensive (loss)/income for the period	–	(132,058)	(528,733)	(660,791)	180,458	(480,333)
At 30 June 2024 (unaudited)	119,218	2,232,304	7,260,997	9,612,519	3,819,372	13,431,891
At 1 January 2025 (audited)	119,218	7,084,098	1,196,770	8,400,086	4,159,199	12,559,285
(Loss)/profit for the period	–	–	(136,061)	(136,061)	377,680	241,619
Other comprehensive income/(loss) for the period	–	41,151	–	41,151	(313)	40,838
Total comprehensive income/(loss) for the period	–	41,151	(136,061)	(94,910)	377,367	282,457
At 30 June 2025 (unaudited)	119,218	7,125,249	1,060,709	8,305,176	4,536,566	12,841,742

The accompanying notes are an integral part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

		Unaudited	
		Six months ended 30 June	
	Note	2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash generated from/(used in) from operations		1,088,621	(991,358)
Income tax paid		(136,821)	(110,583)
Net cash generated from/(used in) operating activities		951,800	(1,101,941)
Cash flows from investing activities			
Placements of pledged bank deposits		(4,291,092)	(3,962,138)
Withdrawal of pledged bank deposits		3,805,345	4,002,047
Investment in structured bank deposits		–	(20,000)
Redemption of structured bank deposits		–	20,047
Dividends received from financial assets at FVOCI and FVPL	6	633	3,624
Purchase of property, plant and equipment		(633,279)	(1,347,729)
Proceeds from disposal of property, plant and equipment		1,229	23,780
Purchases of right-of-use assets		–	(45,618)
Refund of land lease deposits		–	5,890
Interests received		43,482	62,755
Receipt of government grants		38,542	261,867
Net cash used in investing activities		(1,035,140)	(995,475)
Cash flows from financing activities			
Proceeds from bank borrowings		2,730,501	3,774,389
Repayment of bank borrowings		(2,392,359)	(1,874,000)
Interest paid		(184,842)	(284,420)
Net cash generated from financing activities		153,300	1,615,969
Net increase/(decrease) in cash and cash equivalents		69,960	(481,447)
Cash and cash equivalents at the beginning of the period		3,874,219	5,627,891
Exchange gains on cash and cash equivalents		7,986	2,147
Cash and cash equivalents at the end of the period		3,952,165	5,148,591

The accompanying notes are an integral part of the interim condensed consolidated financial information.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

China High Speed Transmission Equipment Group Co., Ltd. (the “Company”) is a limited liability company incorporated in the Cayman Islands as an exempted company on 22 March 2005 and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) with effect from 4 July 2007. The registered office of the Company is located at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands. The head office and principal place of business is located at Room 1302, 13th Floor, COFCO Tower, No. 262 Gloucester Road, Causeway Bay, Hong Kong.

In the opinion of the directors, the immediate holding company is Five Seasons XVI Limited, a limited liability company incorporated in the British Virgin Islands (“BVI”), and the ultimate holding company is Fullshare Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on the Hong Kong Stock Exchange.

As at 30 June 2025, total shares of the Company were approximately 1,635,291,000 (31 December 2024: 1,635,291,000).

During the period, the Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in research, design, development, manufacture and distribution of a broad range of mechanical transmission equipment that is used in wind power and a wide range of industrial appliances.

This interim condensed consolidated financial information was approved for issue by the Board of Directors on 29 August 2025.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (“IASB”) and the applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

This interim condensed consolidated financial information has been prepared in accordance with the same accounting policies adopted in the Group’s 2024 annual consolidated financial statements, except for the adoption of amendments to IFRS Accounting Standards, as set out in Note 3.

2 BASIS OF PREPARATION (CONTINUED)

The preparation of interim condensed consolidated financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

This interim condensed consolidated financial information contain interim condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the Group's 2024 annual consolidated financial statements. This interim condensed consolidated financial information and notes thereon do not include all of the information and disclosures required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

This interim condensed consolidated financial information is unaudited, but has been reviewed by the Audit Committee. It has also been reviewed by independent practitioner HLB Hodgson Impey Cheng Limited in accordance with Hong Kong Standard on Review Engagements 2400 (Revised), Engagements to Review Historical Financial Statements, issued by the Hong Kong Institute of Certified Public Accountants.

3 AMENDMENTS TO IFRS ACCOUNTING STANDARDS ADOPTED BY THE GROUP

In the current period, the Group has applied the following amendments to IFRS Accounting Standards (the "Amendments") issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2025 for the preparation of the Group's interim condensed consolidated financial information:

Amendments to IAS 21	Lack of Exchangeability
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The application of the Amendments has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in this interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

4 FAIR VALUE ESTIMATION

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2025 and 31 December 2024 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market price at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.
- The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The following tables set out the Group's financial assets that were measured at fair value as at 30 June 2025 and 31 December 2024:

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
At 30 June 2025 (unaudited)	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at FVPL	–	–	194,987	194,987
Financial assets at FVOCI	35,556	–	3,743,602	3,779,158
	35,556	–	3,938,589	3,974,145
At 31 December 2024 (audited)				
Financial assets				
Financial assets at FVPL	–	–	531,441	531,441
Financial assets at FVOCI	40,973	–	4,629,722	4,670,695
	40,973	–	5,161,163	5,202,136

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

4 FAIR VALUE ESTIMATION (CONTINUED)

The management obtains valuation quotations from counterparties or uses valuation techniques to determine the fair values of financial instruments except as detailed above, including the discounted cash flow analysis, net asset value and market comparison approach, etc. The fair values of these financial instruments may be based on unobservable inputs which may have significant impact on the valuation of these financial instruments, and therefore have been classified by the Group as level 3 of the fair value hierarchy. The unobservable inputs which may have impact on the valuation include weighted average cost of capital, liquidity discount, price to book multiples, share price changes multiples, rate of return, expected recovery date, etc.

There were no transfers among levels during six months ended 30 June 2025 and 2024.

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 30 June 2025 and 31 December 2024.

(i) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the six months ended 30 June 2025 and 2024:

	Financial assets at FVPL			Financial assets at FVOCI		Financial assets
	Unlisted equity investments	Trade receivables	Structured bank deposits	Unlisted equity investments	Bills receivables	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024 (audited)	421,184	43,262	–	1,251,452	1,804,904	3,520,802
Acquisitions	–	230,846	20,000	–	5,191,246	5,442,092
Disposals	–	(274,108)	(20,047)	–	(5,297,255)	(5,591,410)
Gains recognised in profit or loss	8,804	–	47	–	–	8,851
Losses recognised in other comprehensive income	–	–	–	(213,841)	(1,031)	(214,872)
At 30 June 2024 (unaudited)	429,988	–	–	1,037,611	1,697,864	3,165,463
At 1 January 2025 (audited)	429,987	101,454	–	1,281,519	3,348,203	5,161,163
Acquisitions	–	368,340	–	–	11,250,288	11,618,628
Disposals	–	(276,279)	–	–	(12,182,409)	(12,458,688)
Losses recognised in profit or loss	(423,300)	(5,215)	–	–	–	(428,515)
Gains recognised in other comprehensive income	–	–	–	41,005	4,996	46,001
At 30 June 2025 (unaudited)	6,687	188,300	–	1,322,524	2,421,078	3,938,589

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

4 FAIR VALUE ESTIMATION (CONTINUED)

(ii) Valuation inputs and relationships to fair value

Financial instruments	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Financial assets at FVPL				
- Unlisted equity investments	Level 3	Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level	Expected future cash flows; expected recovery date; discount rates that correspond to the expected risk level	The higher the future cash flows, the higher the fair value; the earlier the recovery date, the higher the fair value; the lower the discount rate, the higher the fair value, and vice versa
- Trade receivables				
Financial assets at FVOCI				
- Unlisted equity investments	Level 3	Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level	Expected future cash flows; expected recovery date; discount rates that correspond to the expected risk level	The higher the future cash flows, the higher the fair value; the earlier the recovery date, the higher the fair value; the lower the discount rate, the higher the fair value, and vice versa
- Bills receivables				
		Asset-based approach	Discount for lack of marketability; discount for lack of control	The lower the discount for lack of marketability or discount for lack of control, the higher the fair value, and vice versa

(iii) Sensitivity analysis

The sensitivity analysis has been determined based on the change of rate of return in isolation used in the expected future cash flows that reflect the expected risk level of the financial assets at the end of each of the reporting periods. If the respective rate of return of the respective financial assets had been 10% higher/lower, the total comprehensive income (net of tax) for the six months ended 30 June 2025 would have increased/decreased by approximately RMB3,545,000 (six months ended 30 June 2024: RMB15,989,000) as a result of the changes in fair value of the financial assets.

5 REVENUE AND OPERATING SEGMENT INFORMATION

The Group's operating and reporting segments have been identified on the basis of internal management reports that are regularly reviewed by the Company's Board of Directors, being the chief operating decision maker ("CODM") of the Group, in order to allocate resources to segments and to assess their performances.

For management purposes, the Group is organised into business units based on the type of products and services and has four reportable operating segments as follows:

- (a) wind and industrial gear transmission equipment segment: design, develop, manufacture and distribution of a broad range of mechanical transmission equipment that are used in wind power and a wide range of industrial applications;
- (b) rail transportation gear transmission equipment segment: manufacture and distribution of gear transmission equipment used in rail transportation fields;
- (c) trading business segment: focuses on bulk commodity and steel industry chain;
- (d) the "others" segment comprises principally services on lighting projects, municipal landscape projects and engineering procurement construction projects.

Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from operations. The adjusted profit/loss before tax from operations is measured consistently with the Group's profit/loss before tax except that finance income, finance costs, dividend income, fair value gains/losses on financial assets at FVPL, certain net impairment losses recognised on financial assets, foreign exchange gains/losses, share of results of associates as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, income tax recoverable, pledged bank deposits, cash and cash equivalents, investments in associates, equity investments at fair value through profit or loss/other comprehensive income, certain other receivables and unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, income tax payable, deferred tax liabilities, financial guarantee liability, certain other payables and unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

5 REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

(a) Segment information

	Wind and industrial gear transmission equipment RMB'000	Rail transportation gear transmission equipment RMB'000	Trading business RMB'000	Others RMB'000	Total RMB'000
For the six months ended 30 June 2025 (unaudited)					
Segment revenue					
Revenue from external customers	9,802,673	175,716	–	592	9,978,981
Timing of revenue recognition					
At a point in time	9,802,673	175,716	–	592	9,978,981
Segment results	950,659	35,767	(106)	(7,778)	978,542
Reconciliation:					
Finance costs – net					(145,203)
Dividend income					633
Net impairment losses recognised on financial assets					(76,134)
Foreign exchange gains, net					41,631
Fair value losses on financial assets at FVPL					(428,515)
Share of results of associates					(9,479)
Corporate and other unallocated expenses					(46,680)
Profit before income tax					314,795

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

5 REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

(a) Segment information (Continued)

	Wind and industrial gear transmission equipment RMB'000	Rail transportation gear transmission equipment RMB'000	Trading business RMB'000	Others RMB'000	Total RMB'000
Other segment information					
Write-down/(reversal of write-down) of inventories	129,991	(931)	–	–	129,060
Net impairment losses (reversed)/ recognised on financial assets	(444)	6,861	106	7,223	13,746
Impairment losses recognised on property, plant and equipment	7,284	–	–	–	7,284
Depreciation of property, plant and equipment and right-of-use assets	383,646	5,702	–	3	389,351
Capital expenditure	404,696	777	–	–	405,473
As at 30 June 2025 (unaudited)					
Segment assets	25,731,074	419,084	220,231	1,343,770	27,714,159
Corporate and other unallocated assets					10,921,325
Total assets					38,635,484
Segment liabilities	14,672,996	95,665	297,487	490,120	15,556,268
Corporate and other unallocated liabilities					10,237,474
Total liabilities					25,793,742

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

5 REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

(a) Segment information (Continued)

	Wind and industrial gear transmission equipment RMB'000	Rail transportation gear transmission equipment RMB'000	Trading business RMB'000	Others RMB'000	Total RMB'000
For the six months ended 30 June 2024					
(unaudited)					
Segment revenue					
Revenue from external customers	6,648,198	135,792	3,373,243	2,461	10,159,694
Timing of revenue recognition					
At a point in time	6,648,198	135,792	3,373,243	2,461	10,159,694
Segment results	562,157	25,038	(542,938)	(336)	43,921
Reconciliation:					
Finance costs – net					(338,240)
Dividend income					3,624
Foreign exchange gains, net					1,143
Fair value gains on financial assets at FVPL					8,851
Share of results of associates					(473)
Corporate and other unallocated expenses					(249,590)
Loss before income tax					(530,764)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

5 REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

(a) Segment information (Continued)

	Wind and industrial gear transmission equipment RMB'000	Rail transportation gear transmission equipment RMB'000	Trading business RMB'000	Others RMB'000	Total RMB'000
Other segment information					
Write-down of inventories	11,607	124	–	–	11,731
Net impairment losses (reversed)/ recognised on financial assets	(122)	(457)	560,927	37	560,385
Reversal of impairment losses on property, plant and equipment	(2,670)	–	–	–	(2,670)
Depreciation of property, plant and equipment and right-of-use assets	354,151	4,174	12	86	358,423
Capital expenditure	1,299,948	4,475	–	2	1,304,425
As at 31 December 2024 (audited)					
Segment assets	24,905,847	441,838	220,398	1,360,854	26,928,937
Corporate and other unallocated assets					10,780,350
Total assets					37,709,287
Segment liabilities	14,195,190	116,792	376,964	485,165	15,174,111
Corporate and other unallocated liabilities					9,975,891
Total liabilities					25,150,002

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

5 REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

(b) Geographical information

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Revenue from external customers		
PRC	8,797,341	9,173,733
USA	722,901	578,531
Europe	108,380	100,133
Other countries	350,359	307,297
	9,978,981	10,159,694

6 OTHER INCOME

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Dividend income from financial assets at FVOCI and FVPL	633	3,624
Government grants		
– Deferred income recognised	41,191	32,335
– Other government subsidies	37,072	57,984
Sale of scraps and materials	60,652	52,090
Gross fixed rental income	2,808	2,923
Others	15,532	15,505
	157,888	164,461

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

7 OTHER (LOSSES)/GAINS – NET

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
(Losses)/gains on disposal of property, plant and equipment, net (Note 13)	(2,031)	8,143
Foreign exchange gains, net	41,631	1,143
Net fair value (losses)/gains on financial assets at FVPL (Note 15(ii))	(428,515)	8,851
Impairment losses (recognised)/reversed on property, plant and equipment	(7,284)	2,670
	(396,199)	20,807

8 EXPENSES BY NATURE

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Cost of inventories sold	7,275,677	8,006,992
Employee benefits expenses	941,656	918,920
Depreciation of property, plant and equipment	390,406	351,199
Depreciation of right-of-use assets	9,288	8,589
Write-down of inventories	129,060	11,731
Other expenses	435,226	430,128
Total cost of sales, selling and distribution expenses, administrative expenses and research and development costs	9,181,313	9,727,559

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

9 FINANCE INCOME AND COSTS

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Finance income		
– Interest income from bank deposits	42,545	62,895
Finance costs		
– Interest expenses on bank and other borrowings	(187,748)	(273,802)
– Less: Interest capitalised	–	1,667
– Written put option liability: unwinding of discount	–	(129,000)
	(187,748)	(401,135)
Finance costs – net	(145,203)	(338,240)

10 INCOME TAX EXPENSES/(CREDIT)

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Current income tax – charge for the period		
– PRC	120,113	50,208
– Hong Kong	9,318	22,397
– USA	14,498	5,501
– Others	–	6,546
Over-provision in respect of prior years	(20,997)	(1,494)
	122,932	83,158
Deferred tax	(49,756)	(266,791)
Income tax expenses/(credit)	73,176	(183,633)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

10 INCOME TAX EXPENSES/(CREDIT) (CONTINUED)

(a) PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (six months ended 30 June 2024: 25%) on the taxable profits of the Group's PRC subsidiaries for the six months ended 30 June 2025.

The following subsidiaries are approved as high technology development enterprises and thus entitled to a preferential tax rate of 15% for 3 years from the date of approval:

Name of company	Year ended during which approval was obtained	Year ending during which approval will expire
NGC (Huai'an) High Speed Gear Manufacturing Co., Ltd. ("NGC Huai'an")	31 December 2024	31 December 2026
NGC (Baotou) Transmission Equipment Co., Ltd.	31 December 2024	31 December 2026
Nanjing High Speed Gear Manufacturing Co., Ltd.	31 December 2023	31 December 2025
Nanjing High Speed & Accurate Gear (Group) Co., Ltd.	31 December 2023	31 December 2025
Nanjing High Accurate Rail Transportation Equipment Co., Ltd.	31 December 2023	31 December 2025

(b) Hong Kong Profits Tax

Hong Kong Profits Tax for the six months ended 30 June 2025 and 30 June 2024 has been provided under the two-tiered profits tax rates regime, the first HK\$2 million of the estimated assessable profits of the qualifying group entity is calculated at 8.25% and the estimated assessable profits above HK\$2 million is calculated at 16.5%.

(c) Other corporate income tax

Other corporate income tax has been provided at the rates of 8.5% to 25% (six months ended 30 June 2024: 8.5% to 21%) on the estimated assessable profits arising from the jurisdictions at which the entities are operated.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

11 LOSS PER SHARE

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

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Loss attributable to owners of the Company	(136,061)	(528,733)
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	1,635,291	1,635,291
Basic loss per share (RMB)	(0.083)	(0.323)

No adjustment is made to the diluted loss per share for the six months ended 30 June 2025 and 2024 as there was no potential dilutive shares in issue.

12 DIVIDENDS

The directors resolved not to declare any interim dividend in respect of the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

13 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2025, the Group acquired property, plant and equipment with a cost of approximately RMB405,473,000 (six months ended 30 June 2024: RMB1,258,807,000). There was no addition to right-of-use assets during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB45,618,000).

Property, plant and equipment with a net book value of approximately RMB3,260,000 (six months ended 30 June 2024: RMB15,637,000) were disposed by the Group during the six months ended 30 June 2025, resulting in net losses on disposal of approximately RMB2,031,000 (six months ended 30 June 2024: net gains on disposal of RMB8,143,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(i) Classification of financial assets at FVOCI

Financial assets measured at FVOCI include the following:

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Non-current assets		
Listed equity investments (Note (a))	35,556	40,973
Unlisted equity investments (Note (b))	1,322,524	1,281,519
	1,358,080	1,322,492
Current asset		
Debt investments – bills receivables (Note (c))	2,421,078	3,348,203
	3,779,158	4,670,695

Notes:

(a) Listed equity investments

Listed equity investments comprised the following individual investments:

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Riyue Heavy Industry Co., Ltd.	10,573	10,040
Sany Renewable Energy Co., Ltd.	24,983	30,933
	35,556	40,973

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

(i) Classification of financial assets at FVOCI (Continued)

(b) Unlisted equity investments

Unlisted equity investments comprise the following individual investments:

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Zhejiang Zheshang Chanrong Equity Investment Fund L.P. (Note)	1,310,000	1,269,000
Others	12,524	12,519
	1,322,524	1,281,519

Note:

On 17 April 2017, Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd. ("Nanjing Drive") entered into a limited partnership agreement with thirty-four other partners in respect of the establishment of a permanent investment fund in the PRC named Zhejiang Zheshang Chanrong Equity Investment Fund L.P. ("Zhejiang Zheshang Chanrong") and the subscription of interest therein. Pursuant to the limited partnership agreement, the full registered capital contribution to the investment fund is RMB65,910,000,000, among which, RMB2,000,000,000 was contributed by Nanjing Drive as a limited partner, which had been paid up by Nanjing Drive to the investment fund.

As at 30 June 2025, the investment in Zhejiang Zheshang Chanrong had a fair value of RMB1,310,000,000 (31 December 2024: RMB1,269,000,000) and a fair value gain of RMB41,000,000 (six months ended 30 June 2024: fair value loss of RMB214,000,000) was recognised in other comprehensive income for the six months ended 30 June 2025. The fair value of Zhejiang Zheshang Chanrong was revalued on 30 June 2025 based on asset-based approach (31 December 2024: market comparison approach) performed by an independent professional qualified valuer.

(c) Debt investments – bills receivables

Bills receivables that are held for collection of contractual cash flows and for selling the financial assets are measured at FVOCI.

For the six months ended 30 June 2025, fair value gain of approximately RMB4,996,000 (six months ended 30 June 2024: fair value loss of RMB1,031,000) for bills receivables measured at FVOCI are recognised in other comprehensive income.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

(ii) Amounts recognised in profit or loss and other comprehensive income

For the six months ended 30 June 2025 and 2024, the following gains/(losses) were recognised in profit or loss and other comprehensive income.

	Unaudited Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Gains/(losses) recognised in other comprehensive income	40,584	(220,408)
Dividend from equity investments held at FVOCI recognised in profit or loss in other income	633	624

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(i) Classification of financial assets at FVPL

Financial assets measured at FVPL include the following:

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Non-current asset		
Unlisted equity investments (Note (a))	–	423,300
Current assets		
Trade receivables measured at FVPL	188,300	101,454
Unlisted equity investments	6,687	6,687
	194,987	108,141
	194,987	531,441

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(i) Classification of financial assets at FVPL (Continued)

Note:

(a) Unlisted equity investments

In December 2020, Nanjing Drive entered into three limited partnership agreements in respect of the establishment of three partnerships in the PRC, namely Ningbo Nangao Jingchuan Enterprise Management Partnership L.P. ("Ningbo Nangao Jingchuan"), Ningbo Gaona Jingte Enterprise Management Partnership L.P. ("Ningbo Gaona Jingte") and Ningbo Gaotai Jingli Enterprise Management Partnership L.P. ("Ningbo Gaotai Jingli"), pursuant to which Nanjing Drive has contributed RMB120,000,000, RMB120,000,000 and RMB100,000,000, respectively, as a limited partner.

As at 30 June 2025, the investment in Ningbo Nangao Jingchuan, Ningbo Gaona Jingte and Ningbo Gaotai Jingli had a fair value of nil, nil and nil (31 December 2024: RMB149,400,000, RMB149,400,000 and RMB124,500,000) respectively, and an aggregate fair value loss of RMB423,300,000 (six months ended 30 June 2024: fair value gain of RMB11,900,000) was recognised in profit or loss during the six months ended 30 June 2025.

(ii) Amounts recognised in profit or loss

For the six months ended 30 June 2025 and 2024, the following gains/(losses) were recognised in profit or loss:

	Unaudited Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Fair value (losses)/gains on equity investments at FVPL recognised in other gains – net (Note 7)	(423,300)	8,804
Fair value (losses)/gains on debt investments at FVPL recognised in other gains – net (Note 7)	(5,215)	47
Dividend from equity investments at FVPL recognised in other income	–	3,000

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

16 TRADE AND OTHER RECEIVABLES

	Note	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Trade receivables	(i)		
– Customers in trading business referred to Note 24		3,188,981	3,188,981
– Other customers in trading business		250,479	250,479
– Other business		7,996,846	6,541,775
		11,436,306	9,981,235
Less: Loss allowances			
– Customers in trading business referred to Note 24		(3,188,981)	(3,188,981)
– Other customers in trading business		(56,481)	(56,375)
– Other business		(583,202)	(576,827)
		(3,828,664)	(3,822,183)
		7,607,642	6,159,052
Other receivables			
– Value-added tax recoverable		428,924	451,374
– Loans to third parties		317,838	317,838
– Redemption receivable from an insurance company	(ii)	612,600	612,600
– Consideration receivable	(iii)	250,000	250,000
– Amounts due from associates	(iv)	45,951	45,951
– Amounts due from former subsidiaries		517,728	516,284
– Amounts due from other third parties		295,313	263,142
		2,468,354	2,457,189
Less: Loss allowances		(1,092,616)	(1,016,174)
		1,375,738	1,441,015
		8,983,380	7,600,067

Note:

- (i) The Group generally allows a credit period within 180 days to its customers. The Group seeks to maintain strict control over its outstanding receivables and has set up a credit control department to actively monitor the status of its outstanding receivables and take proper actions in order to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

16 TRADE AND OTHER RECEIVABLES (CONTINUED)

Note: (Continued)

- (ii) The balance represented redemption receivable on the insurance products purchased from an insurance company. In February 2023, the Group submitted an early redemption request to the insurance company to redeem all the entire insurance investments and the request has been accepted. At the redemption date, the cash value of the insurance products was approximately RMB612,600,000. In November 2023, the Group initiated a legal proceeding against the insurance company at Nanjing Intermediate People's Court to enforce the insurance company's repayment obligation as the amount due is not yet received by the Group.

As at the date of this report, the case is still ongoing and currently under the second trial, but the judgement has not yet been rendered by the court. Based on the opinion of the legal counsel representing the Group in this case, it is expected that it is highly probable that the Group will succeed in the legal proceeding. The board of directors does not expect this legal proceeding would have any material adverse impact on the business operations and the financial position of the Group.

- (iii) On 18 March 2024, Nanjing Handa Import & Export Trading Co., Ltd ("Nanjing Handa") entered into a loan agreement, pursuant to which RMB250,000,000 was lent to a fellow subsidiary of the Group at an interest at 3% per annum with a term of 5 year.

On 28 June 2024, Nanjing Handa entered into a loan assignment agreement with an independent third party (the "Purchaser"), pursuant to which Nanjing Handa agreed to assign, and the Purchaser agreed to accept, all the Nanjing Handa's rights, title and interest in the Loan, at a consideration of RMB250,000,000 (the "Loan Assignment") to be paid within one year. Upon the completion of the Loan Assignment, the Group derecognised the loan receivable and recognised a consideration receivable from the Purchaser. As at 30 June 2025, the consideration receivable of RMB250,000,000 is unsecured, interest-free and repayable within one year (31 December 2024: RMB250,000,000).

- (iv) All of the amounts due from the Group's associates are unsecured, interest-free and repayable on demand.

The ageing analysis of trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Less than 90 days	5,618,788	4,559,303
90 to 180 days	406,624	433,545
181 to 365 days	943,754	720,845
1 to 2 years	527,675	315,950
Over 2 years	110,801	129,409
	7,607,642	6,159,052

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

16 TRADE AND OTHER RECEIVABLES (CONTINUED)

Impairment of financial assets under expected credit loss model

For the six months ended 30 June 2025 and 2024, the following impairment losses were recognised in profit or loss:

	Unaudited Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Impairment losses recognised on trade receivables	13,398	561,762
Impairment losses recognised on other receivables	76,482	247,692
	89,880	809,454

17 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Cash at banks and on hand	7,248,677	6,684,984
Less: Pledged bank deposits	(3,296,512)	(2,810,765)
Cash and cash equivalents	3,952,165	3,874,219

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. Bank balances and pledged bank deposits are deposited in credit-worthy banks with no recent history of default.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

18 TRADE, BILLS AND OTHER PAYABLES

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Trade payables		
– Amounts due to third parties	4,982,798	4,287,760
– Amounts due to an associate	18	18
	4,982,816	4,287,778
Bills payable	5,554,190	5,084,115
	10,537,006	9,371,893
Other payables		
– Accruals	380,509	389,383
– Other tax payables	34,129	91,983
– Purchase of property, plant and equipment	328,871	556,678
– Payroll and welfare payables	123,335	271,735
– Financial guarantee liabilities (Note 20)	–	1,928
– Amount due to an associate	15,000	15,000
– Amounts due to third parties	476,359	489,778
	1,358,203	1,816,485
	11,895,209	11,188,378

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

18 TRADE, BILLS AND OTHER PAYABLES (CONTINUED)

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

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
0 to 30 days	5,451,101	4,452,958
31 to 60 days	963,521	1,032,756
61 to 180 days	3,765,672	3,136,313
181 to 365 days	74,918	666,253
Over 365 days	281,794	83,613
	10,537,006	9,371,893

19 BORROWINGS

	Unaudited 30 June 2025 Effective interest rate %	RMB'000	Audited 31 December 2024 Effective interest rate %	RMB'000
Current				
Bank loans – Unsecured	2.40 – 3.60	3,838,967	2.75 – 4.50	3,468,569
Bank loans – Secured	2.70 – 4.45	324,058	3.18 – 4.63	769,214
		4,163,025		4,237,783
Non-current				
Bank loans – Unsecured	2.30 – 3.50	1,706,054	2.93 – 3.60	1,848,892
Bank loans – Secured	2.70 – 4.45	3,635,408	3.54 – 4.63	3,079,670
		5,341,462		4,928,562
		9,504,487		9,166,345

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

19 BORROWINGS (CONTINUED)

Note:

The secured borrowings were secured by pledge of assets, details of which are set out in Note 22. In addition, as at 30 June 2025 and 31 December 2024, the secured non-current bank loans were secured by the Group's 100% equity interests in NGC Huai'an.

20 CONTINGENT LIABILITIES

Financial guarantees

As at 31 December 2024, the Group issued a financial guarantee to a bank in respect of a bank loan of approximately RMB8,028,000 granted to an associate. This amount represented the balance that the Group could be required to be paid if the guarantees was called upon in its entirety. As at 31 December 2024, an amount of approximately RMB1,928,000 has been recognised in consolidated statement of financial position as liabilities.

During the six months ended 30 June 2025, the bank loan granted to an associate was fully settled and no liability in respect of the financial guarantee was recognised in consolidated statement of financial position as at 30 June 2025.

21 CAPITAL COMMITMENTS

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

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Contracted, but not provided for:		
Property, plant and equipment	494,056	633,141

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(continued)*

22 ASSETS PLEDGED AS SECURITIES

At the end of the reporting period, certain assets of the Group were pledged to secure banking facilities granted to the Group as follows:

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Bills receivable	237,245	220,059
Property, plant and equipment	2,622,856	3,551,839
Land use rights	491,403	497,957
Pledged bank deposits	3,296,512	2,810,765
	6,648,016	7,080,620

23 RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in this interim condensed consolidated financial information, the Group had no other significant transactions with related parties during the period.

(b) Outstanding balances with related parties:

The Group's trade and other balances with its associates as at the end of the reporting period are disclosed in Notes 16 and 18 to this interim condensed consolidated financial information.

(c) Compensation of key management personnel of the Group:

	Unaudited Six months ended 30 June 2025 RMB'000	2024 RMB'000
Fees	552	548
Salaries and other benefits	7,044	8,519
	7,596	9,067

24 IMPAIRMENT LOSSES ON TRADE RECEIVABLES AND PREPAYMENTS IN TRADING BUSINESS

The Company's wholly owned subsidiaries, Nanjing Drive, Nanjing Handa and Nanjing Shengzhuang Supply Chain Co., Ltd. (collectively the "Relevant Subsidiaries") carried out transactions in trading business mainly with 13 customers (the "Customers") and 3 suppliers (the "Suppliers").

Under the trading business, the Relevant Subsidiaries entered into procurement and cooperation agreements (the "Procurement and Cooperation Agreements") and/or a number of purchase agreements (collectively referred to as the "Purchase Agreements") with the Suppliers in prior years.

As stipulated in the Procurement and Cooperation Agreements and the Purchase Agreements, the Relevant Subsidiaries were required to pay a lump sum payment (the "Upfront Payments") and the contract sum for the respective purchase transactions (the "Purchase Prepayments"), respectively, before the Relevant Subsidiaries purchased goods from the Suppliers. Upon expiry of the Procurement and Cooperation Agreements, the Relevant Subsidiaries had the right to set-off such lump sum payment against the trade payables arising from designated purchases from the Suppliers. The Upfront Payments are interest-bearing at 8% per annum from the date the Upfront Payment are placed, and until the goods are delivered from the Suppliers.

During the six months ended 30 June 2025, there was no transaction entered by the Relevant Subsidiaries with the Customers and the Suppliers.

As at 30 June 2025 and 31 December 2024, the Group's trade receivables and prepayments relating to the trading business amounted to approximately RMB3,188,981,000 and RMB3,450,531,000 respectively.

With the assistance of the legal counsel, the Group has initiated recovery actions over the outstanding trade receivables and prepayments balances relating to the trading business in 2024. However, during the course of the recovery actions, management noted that the Customers and the Suppliers either could not be reached or advised that the amounts owe to the Group had already been settled.

As detailed in the Company's announcements dated 24 November 2024, 6 February 2025, 2 March 2025 and 16 March 2025, an independent investigation (the "Independent Investigation") on matters relating to certain sales and purchase agreements of the Group's trading business, and the corresponding outstanding trade receivables and prepayments, has been carrying out, and the Nanjing Public Security Bureau, Jiangning Branch have also initiated a formal investigation (the "Criminal Investigation") into a criminal case involving suspected embezzlement and misappropriation of Relevant Subsidiaries' funds and assets.

Up to the approval date of these condensed consolidated financial statements, the Independent Investigation and the Criminal Investigation were still in progress.

In view of these circumstances, management considered that the recoverability over the outstanding trade receivables and prepayments of approximately RMB6,639,512,000 in total are in doubt. For the sake of prudence, full provision of impairment losses on the outstanding trade receivables and prepayments have been recognised in the consolidated statement of financial position as at 30 June 2025 and 31 December 2024.