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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

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*

* *For identification purposes only*

The board (the "**Board**") of directors (the "**Director**(s)") of China High Speed Transmission Equipment Group Co., Ltd. (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2025 (the "**Period under Review**"), together with the comparative figures as follows. The interim financial information is unaudited, but has been reviewed by the audit committee of the Company and HLB Hodgson Impey Cheng Limited.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2025

		Unaudited	
		Six months ended 30 June	
		2025	2024
	Note	***RMB'000***	*RMB'000*
Revenue from contracts with customers	*3*	**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		**(89,880)**	(809,454)
Other income	*4*	**157,888**	164,461
Other (losses)/gains – net	*5*	**(396,199)**	20,807
Operating profit/(loss)		**469,477**	(192,051)
Finance income	*7*	**42,545**	62,895
Finance costs	*7*	**(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	*8*	**(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		**(0.083)**	(0.323)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Profit/(loss) for the period	**241,619**	(347,131)
Other comprehensive income/(loss) for the period:		
Items that may be reclassified subsequently to profit or loss:		
– 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
Items that will not be reclassified to profit or loss:		
– 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)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Note	**Unaudited 30 June 2025 *RMB'000***	Audited 31 December 2024 *RMB'000*
Non-current assets			
Property, plant and equipment		**10,146,643**	10,232,835
Right-of-use assets		**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**")		**1,358,080**	1,322,492
Financial assets at fair value through profit or loss ("**FVPL**")		**–**	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	*11*	**7,607,642**	6,159,052
Other receivables	*11*	**1,375,738**	1,441,015
Prepayments		**389,408**	380,470
Financial assets at FVOCI		**2,421,078**	3,348,203
Financial assets at FVPL		**194,987**	108,141
Income tax recoverable		**31,817**	12,354
Pledged bank deposits		**3,296,512**	2,810,765
Cash and cash equivalents		**3,952,165**	3,874,219
		25,576,572	24,186,756

	Note	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Current liabilities			
Trade payables	*12*	**4,982,816**	4,287,778
Bills payable	*12*	**5,554,190**	5,084,115
Other payables	*12*	**1,358,203**	1,816,485
Contract liabilities		**1,123,161**	1,613,686
Borrowings	*13*	**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	*13*	**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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. 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 2.

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.

2. 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

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.

3. 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.

(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**
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**

	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*
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**
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)

	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 recognised/(reversed) 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

(b) Geographical information

	Unaudited Six months ended 30 June	
	2025 *RMB'000*	2024 *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

4. 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

5. 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	**(2,031)**	8,143
Foreign exchange gains, net	**41,631**	1,143
Net fair value (losses)/gains on financial assets at FVPL	**(428,515)**	8,851
Impairment losses (recognised)/reversed on property, plant and equipment	**(7,284)**	2,670
	(396,199)	20,807

6. 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

7. 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)

8. 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)

(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.

9. 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.

10. 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).

11. TRADE AND OTHER RECEIVABLES

		Unaudited	Audited
		30 June	31 December
		2025	2024
	Note	***RMB'000***	*RMB'000*
Trade receivables	*(i)*		
– Customers in trading business		**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		**(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

	Note	**Unaudited 30 June 2025** *RMB'000*	Audited 31 December 2024 *RMB'000*
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.

(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 announcement, 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 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

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

12. 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 14)	**–**	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

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

13. BORROWINGS

	Unaudited 30 June 2025 Effective interest rate		Audited 31 December 2024 Effective interest rate	
	%	*RMB'000*	*%*	*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

Note:

The secured borrowings were secured by pledge of assets, details of which are set out in Note 16. 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.

14. 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.

15. 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

16. 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
Right-of-use assets	**491,403**	497,957
Pledged bank deposits	**3,296,512**	2,810,765
	6,648,016	7,080,620

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.

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.

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.

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.

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.

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.

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.

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** ***RMB'000***	 2024 *RMB'000*	 **Change**
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.

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.

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.

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 16 to the interim condensed consolidated financial information, the Group has made no further pledge of assets as at 30 June 2025.

INTERIM DIVIDEND

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

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

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.

SIGNIFICANT ACQUISITION AND DISPOSAL DURING THE PERIOD UNDER REVIEW

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

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 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.

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.

Financial assets at fair value through profit or loss

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 paragraphs, 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 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.

CORPORATE GOVERNANCE

During the Period under Review, the Company has complied with the code provisions set out in 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**") (the "**Corporate Governance Code**"), 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 Board considers that vesting the roles of both the chairman of the Board and the chief executive officer 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 powers 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.

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.

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.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, 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 announcement.

By Order of the Board
China High Speed Transmission Equipment Group Co., Ltd.
HU JICHUN
Chairman

Hong Kong, 29 August 2025

As at the date of this announcement, the executive Directors are Mr. Hu Jichun, Mr. Hu Yueming, Mr. Chen Yongdao, Mr. Zhou Zhijin, Ms. Zheng Qing and Mr. Gu Xiaobin; the non-executive Director is Mr. Ye Xingming; and the independent non-executive Directors are Mr. Jiang Xihe, Ms. Jiang Jianhua, Dr. Chan Yau Ching, Bob and Mr. Nathan Yu Li.