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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025 AND RESUMPTION OF TRADING

FINANCIAL HIGHLIGHTS

	Year ended 31 December 2025 RMB'000	Year ended 31 December 2024 RMB'000	Change
Revenue from contracts with customers	19,734,338	22,075,470	(10.6%)
Gross profit	4,272,669	3,288,147	29.9%
Profit/(loss) for the year	934,641	(5,931,528)	(115.8%)
Basic and diluted earnings/(loss) per share (RMB)	0.129	(4.010)	(103.2%)
	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000	Change
Total assets	39,227,676	37,709,287	4%
Total liabilities	25,883,044	25,150,002	2.9%
Net assets	13,344,632	12,559,285	6.3%
Net assets per share (RMB)	8.2	7.7	6.5%
Gearing ratio* (%)	66	66.7	(0.7) percentage point

* Gearing ratio = total liabilities/total assets

* For identification purpose 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 audited consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2025 (the “**year**” or the “**Reporting Period**”) together with comparative figures for the year ended 31 December 2024 as follows. The consolidated annual results have been reviewed by the Company’s audit committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

		Year ended 31 December	
		2025	2024
	Notes	RMB’000	RMB’000
Revenue from contracts with customers	4	19,734,338	22,075,470
Cost of sales		<u>(15,461,669)</u>	<u>(18,787,323)</u>
Gross profit		4,272,669	3,288,147
Selling and distribution expenses		(669,776)	(541,984)
Administrative expenses		(641,054)	(584,331)
Research and development costs		(873,901)	(809,474)
Net impairment losses recognised on financial assets and financial guarantee contracts	3	(422,417)	(3,421,042)
Other income	5	307,920	325,998
Other gains/(losses) – net	6	<u>(446,424)</u>	<u>(3,398,432)</u>
Operating profit/(loss)		<u>1,527,017</u>	<u>(5,141,118)</u>
Finance income	8	109,049	115,496
Finance costs	8	<u>(363,277)</u>	<u>(726,262)</u>
Finance costs – net		(254,228)	(610,766)
Share of results of associates		<u>(54,921)</u>	<u>(1,361)</u>
Profit/(loss) before income tax		1,217,868	(5,753,245)
Income tax expenses	9	<u>(283,227)</u>	<u>(178,283)</u>
Profit/(loss) for the year		<u>934,641</u>	<u>(5,931,528)</u>
Profit/(loss) attributable to:			
– Owners of the Company		211,203	(6,556,733)
– Non-controlling interests		<u>723,438</u>	<u>625,205</u>
		<u>934,641</u>	<u>(5,931,528)</u>
Earnings/(loss) per share (expressed in RMB)			
Basic and diluted earnings/(loss) per share	10	<u>0.129</u>	<u>(4.010)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Profit/(loss) for the year	934,641	(5,931,528)
Other comprehensive (loss)/income for the year:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
– Exchange differences on translation of foreign operations	(76,349)	7,670
– Changes in fair value of debt investments at fair value through other comprehensive income	4,516	(8,322)
– Income tax relating to these items	(622)	1,296
	(72,455)	644
<i>Items that will not be reclassified to profit or loss:</i>		
– Changes in fair value of equity investments at fair value through other comprehensive income	(79,530)	32,058
– Income tax relating to these items	691	284
– Reversal of deferred tax assets recognised in prior years	–	(195,250)
	(78,839)	(162,908)
Other comprehensive loss for the year, net of tax	(151,294)	(162,264)
Total comprehensive income/(loss) for the year	783,347	(6,093,792)
Total comprehensive income/(loss) for the year attributable to:		
– Owners of the Company	60,027	(6,716,601)
– Non-controlling interests	723,320	622,809
	783,347	(6,093,792)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

		As at 31 December	
		2025	2024
	Notes	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		9,738,725	10,232,835
Right-of-use assets		731,826	750,767
Goodwill		26,142	26,142
Investments in associates		165,015	209,936
Financial assets at fair value through other comprehensive income (“FVOCI”)		1,242,962	1,322,492
Financial assets at fair value through profit or loss (“FVPL”)		261,030	423,300
Deferred tax assets		611,746	557,059
		<u>12,777,446</u>	<u>13,522,531</u>
Current assets			
Inventories		6,526,646	6,052,537
Trade receivables	12	5,965,124	6,159,052
Other receivables		1,206,864	1,441,015
Prepayments	13	438,519	380,470
Financial assets at FVOCI		3,323,219	3,348,203
Financial assets at FVPL		157,131	108,141
Income tax recoverable		45,860	12,354
Pledged bank deposits		3,143,328	2,810,765
Cash and cash equivalents		5,643,539	3,874,219
		<u>26,450,230</u>	<u>24,186,756</u>

		As at 31 December	
		2025	2024
	<i>Notes</i>	RMB'000	RMB'000
Current liabilities			
Trade payables	<i>14</i>	4,378,757	4,287,778
Bills payables	<i>14</i>	5,784,324	5,084,115
Other payables		1,951,996	1,816,485
Contract liabilities		1,236,917	1,613,686
Borrowings		4,822,970	4,237,783
Deferred income		75,428	69,533
Income tax payable		163,658	134,799
Warranty provision		864,364	908,794
		19,278,414	18,152,973
Net current assets		7,171,816	6,033,783
Total assets less current liabilities		19,949,262	19,556,314
Non-current liabilities			
Borrowings		4,523,020	4,928,562
Deferred income		632,233	675,359
Warranty provision		1,338,459	1,260,019
Deferred tax liabilities		110,918	133,089
		6,604,630	6,997,029
Net assets		13,344,632	12,559,285
Capital and reserves			
Share capital		119,218	119,218
Reserves		8,340,895	8,280,868
Equity attributable to owners of the Company		8,460,113	8,400,086
Non-controlling interests		4,884,519	4,159,199
Total equity		13,344,632	12,559,285

NOTES

1. GENERAL

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 with effect from 4 July 2007.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the “IASB”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the disclosure requirements of Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost basis, except for certain financial assets and liabilities measured at fair value.

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

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

2.1 Basis of preparation (Continued)

Material uncertainty related to control over a material subsidiary of the Group

Nanjing High Speed Gear Manufacturing Co., Ltd. (“**Nanjing High Speed**”), principally engaged in the manufacturing and sales of wind and industrial gear transmission equipment, is a material subsidiary of the Group. For the year ended 31 December 2025, Nanjing High Speed and its subsidiaries contributed sales revenue of approximately RMB19,396.84 million, representing approximately 98% of the Group’s total revenue.

Following an amendment to the articles of association of Nanjing High Speed on 29 September 2024, the Company can no longer retain definite control over its board of directors solely based on the amended articles of association. The Group’s current basis of preparation for consolidating Nanjing High Speed relies on an acting in concert agreement (the “**Concert Agreement**”) entered into on the same date by two shareholders of Nanjing High Speed, namely Nanjing Gear Enterprise Management Co., Ltd. (“**Nanjing Gear**”), a wholly-owned subsidiary of the Company holding approximately 50.02% equity interest of Nanjing High Speed, and Jinhu Shifu Corporate Management Partnership (Limited Partnership) (“**Jinhu LP**”). Pursuant to the Concert Agreement, Jinhu LP shall procure its nominated directors to vote in the same manner as those nominated by Nanjing Gear at Nanjing High Speed’s board meetings. Based on the Concert Agreement and the amended articles of association taken together, the Group has secured effective control of six out of nine seats on the board of Nanjing High Speed. The management assesses that the Group has the current ability to direct the relevant activities of Nanjing High Speed and is entitled to variable returns from its involvement in Nanjing High Speed. Accordingly, Nanjing High Speed has been accounted for as a subsidiary of the Company and the financial results of Nanjing High Speed have been consolidated into the Group’s consolidated financial statements for the year ended 31 December 2025.

However, the Concert Agreement is subject to termination upon the occurrence of events beyond the Group’s control (such as Jinhu LP ceasing to hold any shares in Nanjing High Speed, or Jinhu LP voting against any proposal to amend the articles of association). Having sought professional advice, the management considers that if the Concert Agreement is terminated without any alternative arrangements to the current situation, the Group would no longer have the right to appoint a majority of the board members or control a majority of the voting rights at the board meetings of Nanjing High Speed. Consequently, Nanjing High Speed would cease to be a subsidiary of the Company, and its financial results would be deconsolidated from the Company’s consolidated financial statements from the date on which control is lost.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the basis upon which the Group maintains control over Nanjing High Speed. Subsequent to the reporting period, all original board members of the Company who were in office at the time of the amendment had resigned. The newly appointed board members of the Company is actively evaluating measures to mitigate the risks to the Company arising from the said amendment. As at 31 December 2025 and up to the date of approval of these consolidated financial statements, the management is not aware of any event that has resulted in the termination of the Concert Agreement or the loss of control over Nanjing High Speed.

2.2 Changes in accounting policies

(a) Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year

The Group has adopted amendments to IAS 21 Lack of Exchangeability for the first time for the current year's consolidated financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

The application of the amendments to the IFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

- Amendments to IFRS 9 and IFRS 7, "Amendments to the Classification and Measurement of Financial Instruments", effective for annual periods beginning on or after 1 January 2026
- Amendments to IFRS 9 and IFRS 7, "Contracts Referencing Nature – dependent Electricity", effective for annual periods beginning on or after 1 January 2026
- Amendments to IFRS Accounting Standards, "Annual Improvements to IFRS Accounting Standards – Volume 11", effective for annual periods beginning on or after 1 January 2026
- IFRS 18, "Presentation and Disclosure in Financial Statements", effective for annual periods beginning on or after 1 January 2027
- IFRS 19 and its amendments, "Subsidiaries without Public Accountability: Disclosures", effective for annual periods beginning on or after 1 January 2027
- Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture", effective for annual periods beginning on or after a date to be determined
- Amendments to IAS 21, "Translation to a Hyperinflationary Presentation Currency", effective for annual periods beginning on or after 1 January 2027

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have material impacts on the Group's result of operations and financial position. While IFRS 18 will not change recognition criteria or measurement bases, the standard is expected to change the presentation and disclosures of the Group's consolidated financial statements.

3. FINANCIAL RISK MANAGEMENT

Credit risk

Credit risk is managed on group basis. It mainly arises from cash and cash equivalents, pledged bank deposits, trade receivables, other receivables, bills receivables at FVOCI and financial guarantee contracts, etc.

The Group has policies to limit the credit risk exposure on these aforesaid financial assets. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial positions, the availability of guarantees from third parties, their credit histories and other factors such as current market conditions. Management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel their credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent. The Group does not obtain collateral from customers or counterparties in respect of trade receivables.

Financial guarantee contracts

- (i) During the years ended 31 December 2018 and 2019, the Group executed financial guarantee contracts in respect of four loan facilities granted by a lending bank to three independent third parties, with an aggregate guaranteed principal amount of RMB180,000 thousands. Following the default of the underlying borrowers, the lending bank initiated legal proceedings against a subsidiary of the Group as the guarantor in 2022.

The Group continuously assesses its potential obligations arising from these financial guarantees at each reporting date, based on the developments of the litigation and external legal advice obtained. The Group's subsidiary received unfavorable court judgements during the year ended 31 December 2025, losing its defense against the bank's claims. In view of the updated legal advice, management concluded that these financial guarantees had become credit-impaired during the current year.

As a result, the Group measured ECL on a lifetime basis and recognised an impairment loss of RMB205,352 thousands (2024: Nil) for the year ended 31 December 2025 (which comprised the guaranteed principal of RMB180,000 thousands and accrued interest of RMB25,352 thousands), with a corresponding financial guarantee liability included in “other payables” in the consolidated statement of financial position.

- (ii) During the year ended 31 December 2016, the Group has provided a financial guarantee in respect of a borrowing of a third party (which was previously a related party of the Group prior to 1 December 2018). Details of which are set out in the Company's announcement dated 12 June 2026. Pursuant to an extension agreement, the repayment maturity date of the borrowing was extended to 30 October 2026, with the Group's guarantee remains enforceable and valid based on legal advice obtained. As at 31 December 2025, the guaranteed principal amount was RMB400,000 thousands, and the corresponding accumulated interest was RMB276,697 thousands.

The Group assesses the credit risk of the financial guarantee contract and measures its loss allowance at an amount equal to lifetime ECL by considering the borrower's financial position and other forward-looking information at the end of the reporting period.

Based on the results of the Group's assessment, an impairment loss of RMB186,475 thousands (2024: Nil) was recognised in profit or loss for the year ended 31 December 2025, with a corresponding financial guarantee liability included in "other payables" in the consolidated statement of financial position.

- (iii) As at 31 December 2025, the Group did not have any outstanding financial guarantee issued to a bank in respect of a bank loan granted to an associate since the guarantee period expired during the year (2024: RMB8,028 thousands). At the end of the reporting period, no liability was recognised in the consolidated statement of financial position in respect of such guarantee (2024: RMB1,928 thousands). Management considered the credit risk of such financial guarantee contracts that were performing as they have a low risk of default and the counterparties have a strong capacity to meet its contractual payment obligations in the near term, and thus the impairment provision recognised during the period was limited to 12-month ECL. For the years ended 31 December 2025 and 2024, no provision for loss allowance were recognised in profit or loss in relation to the financial guarantee contracts.

For the years ended 31 December 2025 and 2024, the summary of the net impairment losses recognised/(reversed) in profit or loss is as follows:

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Provision for/(reversal of) impairment losses on trade receivables		
– Customers in trading business referring to Note 15	–	3,178,115
– Other customers in trading business	20,583	53,720
– Other business	10,073	(55,799)
Other receivables	(66)	245,006
Financial guarantee contracts	391,827	–
	422,417	3,421,042

4. 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 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; and
- (d) the "others" segment comprises principally services on lighting project, 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 interest income, finance costs, dividend income, fair value (losses)/gains from the Group's financial instruments, foreign exchange (losses)/gains, share of results of associates as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, pledged bank deposits, cash and cash equivalents, investments in associates, equity investments at FVPL/FVOCI, 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 and other borrowings, income tax payables, deferred tax liabilities, financial guarantee liabilities 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 year ended 31 December 2025					
Segment revenue					
Revenue from external customers	<u>19,396,844</u>	<u>336,399</u>	<u>–</u>	<u>1,095</u>	<u>19,734,338</u>
Timing of revenue recognition					
At a point in time	<u>19,396,844</u>	<u>336,399</u>	<u>–</u>	<u>1,095</u>	<u>19,734,338</u>
Segment results	<u>2,242,595</u>	<u>68,938</u>	<u>(72,316)</u>	<u>(31,560)</u>	<u>2,207,657</u>
<i>Reconciliation:</i>					
Finance costs – net (Note 8)					(254,228)
Dividend income (Note 5)					633
Foreign exchange losses, net (Note 6)					(48,099)
Net fair value losses on financial assets at FVPL (Note 6)					(170,149)
Share of results of associates					(54,921)
Corporate and other unallocated expenses					(463,025)
Profit before income tax					<u>1,217,868</u>
Other segment information					
Provision for/(reversal of) write-down of inventories	189,808	(647)	–	15,406	204,567
Net impairment losses recognised/ (reversed) on financial assets	(22,866)	15,194	26,137	12,125	30,590
Provision for impairment losses on property, plant and equipment	218,303	–	8,237	–	226,540
Impairment losses recognised on prepayments	538	–	925	1,554	3,017
Depreciation of property, plant and equipment and right-of-use assets	935,072	8,966	9	80	944,127
Capital expenditure	<u>719,034</u>	<u>45,591</u>	<u>–</u>	<u>8,280</u>	<u>772,905</u>
As at 31 December 2025					
Segment assets	<u>24,855,520</u>	<u>422,212</u>	<u>260,473</u>	<u>1,312,295</u>	<u>26,850,500</u>
Corporate and other unallocated assets					<u>12,377,176</u>
Total assets					<u>39,227,676</u>
Segment liabilities	<u>14,556,427</u>	<u>104,828</u>	<u>268,413</u>	<u>490,661</u>	<u>15,420,329</u>
Corporate and other unallocated liabilities					<u>10,462,715</u>
Total liabilities					<u>25,883,044</u>

	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 year ended 31 December 2024					
Segment revenue					
Revenue from external customers	17,266,181	338,597	4,462,401	8,291	22,075,470
Timing of revenue recognition					
At a point in time	17,266,181	338,597	4,462,401	8,291	22,075,470
Segment results	1,790,432	50,423	(6,769,777)	(1,249)	(4,930,171)
<i>Reconciliation:</i>					
Finance costs – net (Note 8)					(610,766)
Dividend income (Note 5)					3,712
Foreign exchange gains, net (Note 6)					28,239
Net fair value gains on financial assets at FVPL (Note 6)					7,736
Share of results of associates					(1,361)
Corporate and other unallocated expenses					(250,634)
Loss before income tax					(5,753,245)
Other segment information					
Write-down of inventories	68,639	8,732	–	–	77,371
Net impairment losses (reversed)/ recognised on financial assets	(56,286)	186	3,229,951	668	3,174,519
Reversal of impairment loss on property, plant and equipment	(6,110)	–	–	–	(6,110)
Impairment losses (reversed)/ recognised on prepayments	(625)	–	3,450,531	–	3,449,906
Impairment loss on goodwill	–	–	–	272	272
Depreciation of property, plant and equipment and right-of-use assets	759,801	8,864	21	141	768,827
Capital expenditure	2,121,038	9,081	23	4	2,130,146
As at 31 December 2024					
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**

(i) **Revenue from external customers**

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
PRC	16,877,504	19,954,969
USA	1,657,484	1,275,193
Europe	245,980	208,666
Other countries	953,370	636,642
	<u>19,734,338</u>	<u>22,075,470</u>

(ii) **Non-current assets**

Non-current assets by the locations of the assets and excludes financial assets at FVOCI, financial assets at FVPL and deferred tax assets are detailed below:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
PRC	10,205,409	10,774,695
USA	152,745	175,865
Europe	37,044	35,793
Other countries	266,510	233,327
	<u>10,661,708</u>	<u>11,219,680</u>

(c) **Information about major customers**

Revenue from customers of the corresponding year individually amounted to over 10% of the total sales of the Group is as follows:

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A ¹	3,159,586	N/A ²
Customer B ¹	2,988,441	2,529,425
Customer C ¹	2,257,865	N/A ²
Customer D ¹	2,254,355	2,258,165

¹ Revenue from sale of wind and industrial gear transmission equipment.

² Not disclosed as the revenue from such customers was less than 10% of the total sales during the corresponding year.

5. OTHER INCOME

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Dividend income from financial assets at FVOCI and FVPL	633	3,712
Government grants		
– Deferred income recognised	82,066	69,568
– Other government subsidies	99,089	125,415
Sale of scraps and materials	109,342	97,944
Gross fixed rental income	1,307	2,398
Others	15,483	26,961
	<u>307,920</u>	<u>325,998</u>

6. OTHER GAINS/(LOSSES) – NET

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Gains on disposal of property, plant and equipment, net	1,381	9,661
Foreign exchange (losses)/gains, net	(48,099)	28,239
Net fair value (losses)/gains on financial assets at FVPL	(170,149)	7,736
(Provision for)/reversal of impairment losses on property, plant and equipment	(226,540)	6,110
Impairment loss on goodwill	–	(272)
(Provision for)/reversal of impairment losses on prepayments		
– Prepayments for purchases of bulk commodities (<i>Note 15</i>)	–	(3,450,531)
– Other prepayments	(3,017)	625
	<u>(446,424)</u>	<u>(3,398,432)</u>

7. EXPENSES BY NATURE

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of inventories sold	13,313,956	16,733,532
Employee benefit expenses	2,044,074	2,096,969
Depreciation of property, plant and equipment	925,108	740,135
Depreciation of right-of-use assets	19,019	18,741
Auditor's remuneration		
– Audit services	4,950	3,600
– Non-audit services	1,646	1,400
Write-down of inventories	204,567	77,371
Other expenses	1,133,080	1,051,364
	<u>17,646,400</u>	<u>20,723,112</u>
Total cost of sales, selling and distribution expenses, administrative expenses and research and development costs	<u>17,646,400</u>	<u>20,723,112</u>

8. FINANCE INCOME AND COSTS

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income		
– Interest income from bank deposits	109,049	115,496
Finance costs		
– Interest expenses on bank and other borrowings	(363,277)	(473,303)
– Less: Interest capitalised	–	5,041
– Written put option liability: unwinding of discount	–	(258,000)
	<u>(363,277)</u>	<u>(726,262)</u>
Finance costs – net	<u>(254,228)</u>	<u>(610,766)</u>

9. INCOME TAX EXPENSES

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Current income tax – charge for the year		
– PRC	294,965	163,332
– Hong Kong	27,073	27,002
– USA	49,471	12,286
– Others	657	66
Over-provision in respect of prior years	<u>(12,150)</u>	<u>(2,803)</u>
	360,016	199,883
Deferred tax	<u>(76,789)</u>	<u>(21,600)</u>
Income tax expenses	<u>283,227</u>	<u>178,283</u>

(a) PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (2024: 25%) on the taxable profits of the Group's PRC subsidiaries for the year ended 31 December 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.	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 year ended 31 December 2025 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 applicable rate of 8.5% to 25% (2024: 8.5% to 25%) on the estimated assessable profits arising from the jurisdictions at which the entities are operated.

10. EARNINGS/(LOSS) PER SHARE

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

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit/(loss) attributable to owners of the Company	<u>211,203</u>	<u>(6,556,733)</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (<i>'000</i>)	<u>1,635,291</u>	<u>1,635,291</u>
Basic earnings/(loss) per share (<i>RMB</i>)	<u>0.129</u>	<u>(4.010)</u>

No adjustment is made to the diluted earnings/(loss) per share for the years ended 31 December 2025 and 2024 as there were no potential dilutive share in issue.

11. DIVIDENDS

The directors did not recommend to declare any final dividend in respect of the year ended 31 December 2025 (2024: Nil).

12. TRADE RECEIVABLES

The Group applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables.

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

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Less than 90 days	4,141,531	4,559,303
90 to 180 days	794,561	433,545
181 to 365 days	384,212	720,845
1 to 2 years	532,341	315,950
Over 2 years	112,479	129,409
	<u>5,965,124</u>	<u>6,159,052</u>

13. PREPAYMENTS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Prepayments		
– Prepayments for purchases of bulk commodities (<i>Note 15</i>)	3,450,531	3,450,531
– Prepayment for an engineering, procurement and construction project (the “EPC project”) (<i>Note (a)</i>)	297,212	297,212
– Other prepayments	199,655	138,589
Less: Impairment provision		
– Prepayments for purchases of bulk commodities (<i>Note 15</i>)	(3,450,531)	(3,450,531)
– Other prepayments	(58,348)	(55,331)
	<u>438,519</u>	<u>380,470</u>

Note:

- (a) Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd. (“Nanjing Drive”), a wholly-owned subsidiary of the Company, acted as the main contractor of an EPC project since prior years and subcontracted the project work to several subcontractors. The management is in the process of investigating the costs incurred for and progress of the EPC project with several subcontractors. Accordingly, no relevant project revenue and costs were recognised in the consolidated statement of profit or loss during the years ended 31 December 2025 and 2024.

14. TRADE AND BILLS PAYABLES

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

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
0 to 30 days	4,555,810	4,452,958
31 to 60 days	943,553	1,032,756
61 to 180 days	4,068,032	3,136,313
181 to 365 days	261,035	666,253
Over 365 days	334,651	83,613
	<u>10,163,081</u>	<u>9,371,893</u>

Trade payables are non-interest-bearing and are normally settled on credit terms of 90 to 180 days.

Amount due to an associate is unsecured, interest-free and repayable on demand.

15. IMPAIRMENT LOSSES ON TRADE RECEIVABLES AND PREPAYMENTS IN TRADING BUSINESS

The Company's wholly owned subsidiaries, Nanjing Drive, Nanjing Handa Import and Export Trading Co., Ltd. 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**"). The Group's trade receivables of RMB3,188,981,000 and prepayments of RMB3,450,531,000 relating to the trading business are recorded in the consolidated financial statements as of and for the years ended 31 December 2025 and 2024.

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 year ended 31 December 2025, there was no transactions entered by the Relevant Subsidiaries with the Customers and the Suppliers.

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 and 24 November 2025, an independent investigation (the “**Independent Investigation**”) on the above mentioned agreements of the Group’s trading business, and the corresponding outstanding trade receivables and prepayments, was carried out, and the Nanjing Public Security Bureau, Jiangning Branch has also initiated a formal investigation (the “**Criminal Investigation**”) into a criminal case involving suspected embezzlement and misappropriation of Relevant Subsidiaries’ funds and assets.

In view of these circumstances, management considered that the recoverability over the outstanding trade receivables and prepayments of RMB6,639,512,000 in total were in doubt. For the sake of prudence, full impairment have been recognised and accordingly impairment losses of RMB3,178,115,000 and RMB3,450,531,000 have been recorded in “net impairment losses recognised on financial assets and financial guarantee contracts” and “Other gains/(losses) – net” line items respectively in the Group’s consolidated statement of profit or loss for the year ended 31 December 2024.

During the year ended 31 December 2025, there was no material progress in recovering these balances or obtaining sufficient underlying documentation. Additionally, the result of the Independent Investigation commissioned by the Company as detailed in the Company’s announcement dated 24 November 2025 was noted with limitations in obtaining sufficient appropriate evidence to resolve the uncertainties surrounding these transactions and the Criminal Investigation was still in progress. A follow-up third-party independent investigation has been commenced after the reporting period.

16. CAPITAL COMMITMENTS

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

	As at 31 December	
	2025	2024
	<i>RMB’000</i>	<i>RMB’000</i>
Contracted, but not provided for:		
Property, plant and equipment	<u>526,107</u>	<u>633,141</u>

17. 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:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Bills receivables	579,871	220,059
Property, plant and equipment	2,409,374	3,551,839
Land use rights	273,670	497,957
Pledged bank deposits	3,143,328	2,810,765
	<u>6,406,243</u>	<u>7,080,620</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is 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 year, the Group recorded sales revenue of approximately RMB19,734,338,000 (2024: RMB22,075,470,000), representing a decrease of 10.6% as compared with 2024, and the gross profit margin was approximately 21.7% (2024: 14.9%), representing an increase of 6.8 percentage points as compared with 2024. Profit for the year of the Company was approximately RMB934,641,000 (2024: loss of RMB5,931,528,000). Basic earnings per share amounted to RMB0.129 (2024: basic loss per share of RMB4.010). Such increase in the profit for the year was mainly attributable to the decrease in provision of significant impairment losses of RMB6,629 million for the receivables and prepayments of trading business recognized in prior 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 leading 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 continue to be made 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™ (rolling bearing gearbox) and NGCWinGear™ (sliding bearing gearbox) product platforms and core technology platforms, we have rapidly iterated and optimised product reliability 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 the Group's 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, Nordex acciona and Suzlon, etc. The Group proactively expanded its overseas customer base. Leveraging the continuous expansion of domestic wind turbine manufacturers in overseas markets, the wind gear transmission equipment products of the Group further broadened the international market. 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 is a major product that has been developed by the Group. During the year, sales revenue of wind gear transmission equipment business increased by 15.8% to approximately RMB17,360,627,000 as compared with last year (2024: RMB14,992,739,000).

2. Industrial gear transmission equipment

Enhanced market competitiveness through technological iteration and comprehensive innovation

The Group's industrial gear transmission equipment products are widely used by customers in industries such as metallurgy, building materials, mining, petrochemicals, port cranes, construction machinery, rubber/plastic machinery, sugar extraction, power generation, new energy, aerospace and the low-altitude economy.

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 comprehensively advanced the technological iteration and upgraded traditional products. The Group actively explores innovative development of its industrial gear transmission equipment in new fields, new markets and new industries, empowered by new thinking, new technologies and new services. The Group's industrial gear transmission equipment business adheres to the operational concept of "preserving existing business, identifying growth opportunities and optimising structure", with a focus on advancing sales from major customers, while actively expanding into emerging and overseas markets. Leveraging the three transformations strategy of "globalisation, high-end development and branding", together with the brand strength of "Nanjing High Speed Gear ", the Group closely follows the "going global" strategy under the Belt and Road Initiative. Based on a "zero-defect" foundation, it implements the quality management principle of "getting it right the first time", reshapes brand value, and vigorously enhances the influence and market share of its industrial gear transmission equipment products in overseas markets, thereby supporting the Group's gear transmission equipment business in embarking on a new stage of development. During the year, the Group showed a positive development trend in the fields of high-end equipment manufacturing and localisation of core equipment. With the international expansion of industrial gear transmission equipment products, the overseas market application of the Group's industrial gear transmission equipment products 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 year, the industrial gear transmission equipment business generated sales revenue of approximately RMB2,036,217,000 (2024: RMB2,273,442,000) for the Group, representing a decrease of 10.4% as compared with 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 four 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 year, the rail transportation gear transmission equipment business generated sales revenue of approximately RMB336,399,000 (2024: RMB338,597,000) for the Group, representing a decrease of 0.6% as compared with last year.

LOCAL AND EXPORT SALES

During the year, the Group maintained its position as the leading supplier of mechanical transmission equipment in the PRC. During the year, the overseas sales amounted to approximately RMB2,856,834,000 (2024: RMB2,120,501,000), representing an increase of 34.7% as compared with last year. Overseas sales accounted for 14.5% (2024: 9.6%) of the total sales of the Group, representing an increase of 4.9 percentage points as compared with last year. At present, the overseas customers of the Group are mainly based in the U.S. and other countries and regions such as Europe, India and Brazil.

FINANCIAL PERFORMANCE

Revenue

Sales revenue of the Group for the year decreased by 10.6% from approximately RMB22,075,470,000 in 2024 to approximately RMB19,734,338,000, which was mainly due to the decrease in trading business.

	Revenue		Change
	Year ended 31 December		
	2025	2024	
	RMB'000	RMB'000	
Wind gear transmission equipment	17,360,627	14,992,739	15.8%
Industrial gear transmission equipment	2,036,217	2,273,442	-10.4%
Rail transportation gear transmission equipment	336,399	338,597	-0.6%
Trading business	–	4,462,401	-100.0%
Other products	1,095	8,291	-86.8%
Total	19,734,338	22,075,470	-10.6%

Gross profit margin and gross profit

During the year, the Group's consolidated gross profit margin was approximately 21.7% (2024: 14.9%), representing an increase of 6.8 percentage points as compared with last year. Consolidated gross profit for the year was approximately RMB4,272,669,000 (2024: RMB3,288,147,000), representing an increase of 29.9% as compared with last year. During the year, the increase in consolidated gross profit was mainly due to the increase in the gross profit of wind gear and industrial gear transmission equipment. The increase in gross profit margin was mainly due to the suspension of trading business with low gross profit margin during the year.

Other income

During the year, the Group's other income was approximately RMB307,920,000 (2024: RMB325,998,000), representing a decrease of 5.5% as compared with last year. The decrease in other income was mainly due to the decrease in government grants of approximately RMB13,828,000. Other income mainly comprised of income from sales of scraps and materials and government grants.

Other gains/(losses) – net

During the year, the Group's other net losses were approximately RMB446,424,000 (2024: RMB3,398,432,000), which mainly comprising fair value losses on financial assets at fair value through profit or loss and provision for impairment losses on property, plant and equipment, details refer to Note 6 to the consolidated financial statements in this announcement. The other net losses in 2024 mainly included impairment losses on prepayments of RMB3,450,531,000 from trading business.

Selling and distribution expenses

During the year, the Group's selling and distribution expenses were approximately RMB669,776,000 (2024: RMB541,984,000), representing an increase of 23.6% as compared with last year. Selling and distribution expenses mainly comprised of product packaging expenses, transportation expenses, staff costs and business expenses. The increase in selling and distribution expenses was mainly due to the increase in product packaging expenses and transportation expenses. During the year, selling and distribution expenses accounted for 3.4% of sales revenue (2024: 2.5%), representing an increase of 0.9 percentage point as compared with last year.

Administrative expenses

During the year, the Group's administrative expenses were approximately RMB641,054,000 (2024: RMB584,331,000), representing an increase of 9.7% as compared with last year. The increase in the administrative expenses was mainly due to the increase in professional fees of legal service and independent investigation. During the year, administrative expenses accounted for 3.2% of sales revenue (2024: 2.6%), representing an increase of 0.6 percentage point as compared with last year.

Research and development costs

During the year, the Group's research and development costs were approximately RMB873,901,000 (2024: RMB809,474,000), representing an increase of 8.0% as compared with last year. During the year, research and development costs accounted for 4.4% of sales revenue (2024: 3.7%), representing an increase of 0.7 percentage point as compared with last year.

Net impairment losses recognised on financial assets and financial guarantee contracts

During the year, the net impairment losses recognised on financial assets and financial guarantee contracts of the Group were approximately RMB422,417,000 (2024: RMB3,421,042,000), which mainly comprised of financial guarantee contracts of RMB391,827,000. The decrease in impairment losses was mainly due to the impairment losses of RMB3,178,115,000 recognised in respect of trade receivables of trading business in 2024 which was not recognised during the year.

Finance costs

During the year, the Group's finance costs were approximately RMB363,277,000 (2024: RMB726,262,000), representing a decrease of 50.0% as compared with last year, which was mainly due to (i) the absence of interest expense on put option liabilities during the year while such interest expense amounted to RMB258,000,000 last year; and (ii) a decrease in the loan interest rates during the year compared to last year, and a decrease in loan scale compared to last year.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2025, the equity attributable to owners of the Company amounted to approximately RMB8,460,113,000 (31 December 2024: RMB8,400,086,000), representing an increase of 0.7% as compared with the beginning of the year. The Group had total assets of approximately RMB39,227,676,000 (31 December 2024: RMB37,709,287,000), representing an increase of 4.0% as compared with the beginning of the year. Total current assets were approximately RMB26,450,230,000 (31 December 2024: RMB24,186,756,000), representing an increase of 9.4% as compared with the beginning of the year. Total non-current assets were approximately RMB12,777,446,000 (31 December 2024: RMB13,522,531,000), representing a decrease of 5.5% as compared with the beginning of the year.

As at 31 December 2025, total liabilities of the Group were approximately RMB25,883,044,000 (31 December 2024: RMB25,150,002,000), representing an increase of approximately RMB733,042,000 or 2.9% as compared with the beginning of the year. Total current liabilities were approximately RMB19,278,414,000 (31 December 2024: RMB18,152,973,000), representing an increase of 6.2% as compared with the beginning of the year. Total non-current liabilities were approximately RMB6,604,630,000 (31 December 2024: RMB6,997,029,000), representing a decrease of 5.6% as compared with the beginning of the year.

As at 31 December 2025, the net current assets of the Group were approximately RMB7,171,816,000 (31 December 2024: RMB6,033,783,000), representing an increase of approximately RMB1,138,033,000 or 18.9% as compared with the beginning of the year.

As at 31 December 2025, the total cash and bank balances of the Group were approximately RMB8,786,867,000 (31 December 2024: RMB6,684,984,000), representing an increase of approximately RMB2,101,883,000 or 31.4% as compared with the beginning of the year. Total cash and bank balances included pledged bank deposits of RMB3,143,328,000 (31 December 2024: RMB2,810,765,000).

As at 31 December 2025, the Group had total borrowings of approximately RMB9,345,990,000 (31 December 2024: RMB9,166,345,000), representing an increase of RMB179,645,000 or 2.0% as compared with the beginning of the year, of which, borrowings with 1-year term amounted to RMB4,822,970,000 (31 December 2024: RMB4,237,783,000), accounting for approximately 51.6% of the total borrowings (31 December 2024: 46.2%). The interest rates of the Group's borrowings during the year ranged from 2.24% to 3.60% per annum.

Taking into account the capital generated internally within the Group, the banking credit facilities available to the Group, and the net current assets of approximately RMB7,171,816,000 as at 31 December 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) decreased from 66.7% as at 31 December 2024 to 66.0% as at 31 December 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 31 December 2025, the Group's borrowings with fixed interest rate accounted for 32.9% of total borrowings.

PLEDGE OF ASSETS

Save as shown in the above note 17, the Group has made no further pledge of assets as at 31 December 2025.

OPERATING SEGMENT INFORMATION

Details of the operating segment information of the Group for the year are set out in the above note 4.

FINANCIAL GUARANTEES CONTRACTS

Save as shown in the above note 3, as at 31 December 2025, the Directors were not aware of any other material financial guarantees.

CAPITAL COMMITMENTS

As at 31 December 2025, the Group had capital commitments contracted for but not provided for in the consolidated financial statements in respect of the acquisition of property, plant and equipment of approximately RMB526,107,000 (31 December 2024: RMB633,141,000). Details of which are set out in the above note 16.

Major Risk Warning

On 29 September 2024, the articles of association of Nanjing High Speed were amended. After reviewing the amendments to the articles of association and the acting in concert agreement entered into on the same date between Nanjing Gear (a wholly-owned subsidiary of the Company) and Jinhu LP (both being shareholders of Nanjing High Speed), the auditor considers that although the Company still maintained substantive control over Nanjing High Speed as at 31 December 2025, certain risks remain.

All original Board members of the Company who were in office at the time of the amendment to the articles of association had resigned. The newly appointed Board members of the Company are actively evaluating measures to mitigate the risks to the Company arising from the said amendment to the articles of association.

PROSPECTS

In 2025, the international environment was complex and intricate, with regional conflicts continuing to escalate, and unbridled spread of unilateralism and protectionism. Amidst the recurring fluctuations of geopolitical conflicts, global economic growth generally slowed down, leading to a significant rise in various uncertainties. China consistently adhered to the general principle of seeking progress while maintaining stability, implemented more proactive macro policies, and continued to strengthen new quality productive forces to promote steady economic improvement.

As the global energy structure accelerates its reconstruction and the “dual carbon” goals become a consensus for development among countries worldwide, actively developing clean energy, optimizing the energy supply structure, and promoting the transformation of the energy industry toward green and low-carbon development have become inevitable choices for achieving sustainable development. Wind power, as a mature, clean, efficient, and renewable green energy source, holds a critical strategic position in the global energy transition landscape and has become an important engine for promoting the optimization and upgrading of the energy structure. In 2025, China successively issued a number of policies, including the Notice on Deepening the Market-Oriented Reform of New Energy On-Grid Tariffs to Promote High-Quality Development of New Energy, the Opinions on Promoting the High-Quality Development of the Renewable Energy Green Power Certificate Market, the Notice on Renewable Energy Power Consumption Responsibility Weights for 2025 and Related Matters, and the Guiding Opinions on Promoting the Integrated Development of New Energy, to maintain the stable development of China’s wind power industry.

In recent years, under government regulation and the coordinated efforts across the entire industry chain, although wind turbine prices have generally stabilised, structural pressure remains in the core components sector. Coupled with overcapacity in wind power gear transmission equipment and the low-price procurement strategies adopted by wind turbine manufacturers, price competition in the wind power gear transmission equipment market has become the norm. As wind turbine manufacturers increase the proportion of in-house gearbox production, the size of the open market has been further compressed. Meanwhile, some wind turbine manufacturers have expanded internal procurement of gearboxes, further squeezing the share of the open market for wind power gear transmission equipment and intensifying market competition. In addition, factors such as escalating international trade barriers and tightening localisation policies for economic development in certain countries or regions have led to weaker-than-expected overseas demand for wind power, posing challenges to the Group's international expansion of its wind power gear transmission equipment business. In response to market changes and multiple pressures, the Group, as a supplier of wind power gear transmission equipment, adheres to quality standards, optimises supply chain management, and deepens its focus on intelligent manufacturing and digital transformation. The Group continues to increase investment in research and development, upgrade service quality and efficiency. However, while technological innovation or other solutions may help maintain the competitiveness of the Group's wind power gear transmission equipment business, there remains uncertainty regarding the future financial performance of such business, and the significant contribution currently made by such business to the Group's profits is cyclical in nature. In future, the wind power gear transmission equipment business of the Group is still encountering various challenges and the prospect is full of uncertainties ahead. Maintaining high growth in profits in the long run is not optimistic.

Following the development trend of the industry, the Group's industrial gear transmission equipment business adheres to the concept of sustainable development, deeply cultivating the fields of clean energy, low consumption, and high efficiency, while focusing on the construction of green R&D and green manufacturing systems to continuously enhance the core competitiveness of its products. At the same time, the Group continues to allocate more resources to in-depth R&D in its industrial gear transmission equipment segment, promoting technological iteration and upgrading of its products. Building on its existing multi-series product matrix, the Group will carry out comprehensive innovation across production, sales and services, while continuously exploring both technological and market breakthroughs. The Group will rigorously implement a high-standard quality management strategy of "getting it right the first time", a key account sales strategy. Leveraging a new generation of intelligent interconnected products, it is committed to providing global customers with professional, customised gear transmission products and intelligent solutions. Facing new opportunities and challenges for industry development, the Group will further increase its investment in R&D, continue to optimize its production, sales and service layout, fully respond to and meet differentiated customer needs, contributing to the promotion of high-quality development of the industry.

The Group's rail vehicle transmission products have achieved comprehensive coverage across core fields in all scenarios, including subways, trams, intercity railways, high-speed railways, and locomotives. It has successfully established long-term cooperative relationships with several leading domestic and international enterprises in the industry, building a favorable cooperative ecosystem of complementary and synergistic development. At the same time, the Group always abides by the "concept and process of zero defects," committed to providing safe, reliable, and quiet premium products for global customers, as well as comprehensive solutions for rail transit gear transmission systems covering the full spectrum. As of now, the cumulative production and deployment of the Group's rail transit gearboxes have exceeded 60,000 units, which are widely applied in various types of rail transit equipment worldwide. The product quality and services have won praise and recognition from both domestic and foreign users. Relying on its profound technical strength and high-quality services, the Group's industry position in the field of rail transit transmission equipment continues to be consolidated, and its brand influence is steadily rising, with business continuing to grow.

In 2026, the Group will continue to uphold its core philosophy of "innovative thinking, zero-defect quality, professional services and customer proximity." It will constantly enrich its product matrix and improve its business layout, fully upgrading product quality and service levels with a spirit of craftsmanship that strives for excellence to create a more valuable experience for customers. Meanwhile, we will keenly perceive the trends of industry transformation, deeply cultivate the market in all aspects, explore developmental potential at a deeper level, and actively develop new businesses to continuously activate new growth vitality. In addition, the Group will always anchor itself to the core direction of green development, with technological innovation as the fundamental driving force, bravely shoulder the heavy responsibilities of the era, lead the green and low-carbon transformation among the industry, and empower global sustainable development with pragmatic actions.

OTHER SUPPLEMENTARY INFORMATION

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (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 year 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 year, the net losses of foreign exchange (included in "Other gains/(losses) – net") recorded by the Group were approximately RMB48,099,000 (2024: net gains of RMB28,239,000), which was mainly due to the fluctuations in the exchange rate of Renminbi against U.S. dollars and Euro during the year.

The Group has 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 year, 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 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 31 December 2025, the Group employed approximately 8,310 employees (31 December 2024: 8,039). Staff cost of the Group for the year approximated to RMB2,044,074,000 (2024: RMB2,096,969,000). The cost included basic salaries, discretionary bonus and staff benefits such as medical and insurance plans, pension scheme, unemployment insurance plan, etc. Employees' remunerations are determined according to the Group's operating results, job requirements, market salary level and ability of individuals. The Group regularly reviews its remuneration policy and additional benefit programs and makes necessary adjustments to bring them in line with the industry level.

SIGNIFICANT ACQUISITION AND DISPOSAL DURING THE YEAR

During the year, the Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures. The Group has no specific future plan for material investment or capital assets, or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Legal Proceedings Update

A writ of summons under the High Court Action No. 656 of 2025 was issued at the High Court of the Hong Kong Special Administrative Region (the “**High Court**”) on 31 March 2025 by the Relevant Subsidiaries referred to in the above note 15 as plaintiffs. The writ was filed against a group of companies and individuals, including Fullshare Holdings Limited (stock code: 607) (“**Fullshare**”), Mr. Ji Changqun (the chairman of Fullshare), Mr. Fang Jian (a former Director) and the counterparties to the agreements in connection with the trading business referred to in the above note 15 (the “**Agreements**”) for, among other things, the recovery of approximately RMB6.64 billion in aggregate which represented outstanding receivables and prepayments under the Agreements. Subsequently, the Company joined as another plaintiff.

Fullshare and one non-PRC defendant (being a subsidiary of Fullshare which holds shares in the Company) challenged whether the Hong Kong Court had jurisdiction over the plaintiffs’ claims against the defendants (the “**Dispute over Jurisdiction**”). At the hearing on the Dispute over Jurisdiction held on 28 April 2026, the two defendants succeeded in their challenge and the High Court ordered that the plaintiffs’ claims be stayed in favour of the courts of the PRC. It implies that such legal proceedings are suspended at the Hong Kong Court. The Company has been seeking advice from its Hong Kong and PRC legal advisers on measures and/or next steps to safeguard its interests. For details, please refer to the Company’s announcements dated 31 March 2025 and 11 May 2026.

Withdrawal of requisitions of EGM

References are made to the circulars of the Company dated 3 April 2025 and 6 October 2025 (the “**Circulars**”), as well as the announcements of the Company dated 22 April 2025, 7 May 2025, 25 June 2025 and 26 October 2025, each relating to the requisitions by two shareholders of the Company (the “**Requisitionists**”), being wholly-owned subsidiaries of Fullshare, requiring the Company to convene extraordinary general meetings (“**Requisitioned EGMs**”) pursuant to the Company’s articles of association for shareholders to consider, among other matters, proposed removals of certain Directors and proposed appointments of new Directors.

On 16 April 2026, the Company received a letter from Fullshare confirming that the Requisitionists had withdrawn the requisitions in respect of the Requisitioned EGMs (and all resolutions proposed therein) in light of recent changes in the composition of the Board (please refer to the Company’s announcements dated 16 January 2026, 23 March 2026 and 31 March 2026 for details).

As a result, the Company will not convene any of the Requisitioned EGMs, and the proposed resolutions will not be put forward, as announced by the Company on 21 April 2026. The related circulars, notices and proxy forms have lapsed and are no longer valid.

Financial guarantee given as a discloseable transaction and non-compliance with the Listing Rules

Subsequent to the Reporting Period, the Board had identified a financial guarantee provided by the Company in respect of a borrowing by Nanjing Yijing Optoelectronic Technology Company Limited (南京依晶光電科技有限公司) under a guarantee agreement dated 12 January 2016. As at 31 December 2025, the guaranteed principal amount was RMB400 million and the accumulated interest under the guarantee was approximately RMB276.7 million.

As the highest applicable percentage ratios (as defined in the then Rule 14.07 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)) in respect of such guarantee agreement exceeded 5% but was less than 25%, the financial guarantee provided thereunder constituted a discloseable transaction of the Company at the time when the agreement was executed and was therefore subject to the reporting and announcement requirements under Chapter 14 of the then Listing Rules but was exempt from the circular and shareholders’ approval requirement under Chapter 14 of the then Listing Rules. However, the Company had not complied with such reporting and announcement requirements.

The current Board was informed by the management of the Group of the existence of the guarantee and related documents only during the course of preparing the consolidated financial statement for the year ended 31 December 2025, but not earlier. Please refer to the Company’s announcement of 12 June 2026 for more details.

Save as disclosed above, there has been no other material event after 31 December 2025.

SCOPE OF WORK OF PRISM

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed with the Company’s auditor, Prism Hong Kong Limited (“**Prism**”), which is consistent with the figures set out in the Group’s consolidated financial statements for the year ended 31 December 2025. The work performed by Prism in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Prism on this announcement.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of the Independent Auditor’s Report on the consolidated financial statements of the Group for the year ended 31 December 2025.

QUALIFIED OPINION

In our opinion, except for the possible effects of the matters described in the “Basis for qualified opinion” section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

Trade receivables, prepayments and related impairment arising from trading business and related party balances

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor whose report dated 28 March 2025 expressed a qualified opinion on those statements. The qualification was in respect of, among other things, the inability to obtain sufficient appropriate audit evidence regarding the trade receivables and prepayments and related impairment for purchases of bulk commodities arising from the trading business. As fully explained in note 40 to the consolidated financial statements, trade receivables and prepayments with gross balances amounted to RMB3,188,981,000 and RMB3,450,531,000 respectively, both of which were fully impaired during the year ended 31 December 2024. We have not been able to gather sufficient appropriate evidence from the conclusion formed by the initial investigation. As this scope limitation remained unresolved during our current year audit, we were unable to determine whether the corresponding figures for the year ended 31 December 2024 were free from material misstatements.

During the year ended 31 December 2025, no further transactions arising from the trading business and no further impairment losses were recognised for these balances. As we were still unable to perform effective audit procedures or obtain sufficient documents and explanations, we could not satisfy ourselves as to the nature, existence, accuracy, valuation and completeness of the gross amounts of these trade receivables and prepayments, nor could we verify the related accumulated impairment balances recorded in the consolidated statement of financial position as at 31 December 2025 and 2024.

As this scope limitation remained unresolved during annual audit for the year ended 31 December 2025, we were unable to carry out audit procedures necessary to satisfy ourselves that the disclosure of related party balances as at 31 December 2025 in Note 41 to the consolidated financial statements is complete and accurate.

Transactions under the engineering, procurement and construction (“EPC”) project

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor whose report dated 28 March 2025 expressed a qualified opinion on those statements. The qualification was in respect of, among other things, the inability to obtain sufficient appropriate audit evidence regarding the transactions under the Group’s EPC project.

As set out in Note 24a to the consolidated financial statements, the Group acts as the main contractor of the EPC project. The predecessor auditor also expressed a qualified opinion regarding this matter in the prior year. As at 31 December 2025, advance receipts from the customer for the EPC project of RMB467,760,000 were recognised as contract liabilities, and the corresponding payments to subcontractors of RMB297,212,000 and RMB997,721,000 were recognised as prepayments and inventories respectively and no related revenue or costs were recognised in profit or loss during the year ended 31 December 2025. During the year ended 31 December 2025 and up to the date of this report, the management is still in discussion with the relevant parties (including but not limited to customer and subcontractors) involved in the EPC project and still ongoing, accordingly, the management was unable to provide sufficient information to substantiate the progress of the EPC project and subcontracting costs incurred by subcontractors up to 31 December 2025. We were unable to obtain sufficient appropriate evidence about the 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 31 December 2025 and 31 December 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 years ended 31 December 2025 and 2024.

As we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the prepayments, inventories and contract liabilities related to the EPC project were free from material misstatements as at 31 December 2025 and 2024. Any adjustments found to be necessary to these amounts would have a consequential effect on the Group’s net assets as at 31 December 2025, the corresponding figures for the year ended 31 December 2024, and the related disclosures in the consolidated financial statements.

Financial assets at fair value through profit or loss

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor whose report dated 28 March 2025 expressed a qualified opinion on those statements. The qualification of financial assets at fair value through profit or loss was in respect of the inability to obtain access to certain financial information of three limited partnerships, in which the Group’s equity investments were recorded as financial assets at fair value through profit or loss (the “**Equity Investments**”). Details of which are set out in Note 21(ii). As at 31 December 2024, the Equity Investments were recognised at a carrying value of RMB423,300,000 in the aggregate. Due to insufficient information, the predecessor auditor was unable to determine whether the carrying amount of the Equity Investments as at 31 December 2024 and the corresponding gain from fair value changes for the year then ended were free from material misstatements.

The above matter was resolved as at 31 December 2025 and loss from fair value changes of RMB162,270,000 was recognised during the year ended 31 December 2025 with carrying amount of RMB261,030,000 as at 31 December 2025. However, for the fair value measurement as at 31 December 2024 we were unable to obtain sufficient appropriate audit evidence to determine whether the opening balances of the Equity Investments as at 1 January 2025 and movements of the Equity Investments were free from material misstatement. Any adjustments found to be necessary to the opening balance of the Equity Investments would have a consequential effect on the related gain or loss on fair value changes and the Group's results for the year ended 31 December 2025, and the corresponding figures for the year ended 31 December 2024.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

EMPHASIS OF MATTER

We draw attention to Note 2.1 to the consolidated financial statements, which describes a significant event and related uncertainties regarding the Group’s control over its material subsidiary, Nanjing High Speed Gear Manufacturing Co., Ltd. (“**Nanjing High Speed**”).

As disclosed in Note 2.1, following the amendment to the articles of association of Nanjing High Speed on 29 September 2024, the Group lost definite control over the board of Nanjing High Speed. We note that Nanjing High Speed is a material subsidiary of the Company, accounting for approximately 98% of the Group’s total revenue for the year ended 31 December 2025.

Currently, the Group’s control over Nanjing High Speed is maintained through an acting in concert agreement (the “**Concert Agreement**”) entered into with another independent shareholder of Nanjing High Speed. However, there remains a significant uncertainty as Concert Agreement may be terminated under specific circumstances. Should the Concert Agreement be terminated, Nanjing High Speed would cease to be a subsidiary of the Company from the date on which control is lost, which would result in its deconsolidation and have a material and pervasive impact on the Group’s consolidated financial statements. Our opinion is not modified in respect of this matter.

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

Trade receivables and prepayments arising from trading business, and related party balances

Management acknowledges the Company’s auditor’s qualification regarding the gross balances of trade receivables and prepayments arising from the trading business, which were already fully impaired in 2024. During the year ended 31 December 2025, there was no material progress in recovering these balances or obtaining sufficient underlying documentation, such as purchase contracts, direct confirmations from counterparties, or valid explanations for the failure to request repayments upon the expiry of framework agreements. Additionally, the Company’s auditor has reviewed the existing independent investigation report commissioned by the Company and noted limitations in its findings, concluding that the report does not provide sufficient appropriate audit evidence to resolve the uncertainties surrounding these transactions. Consequently, the Company’s auditor was unable to obtain sufficient appropriate audit evidence to confirm whether these gross balances and their related impairment provisions and disclosure of related party balances were free from material misstatements. Management and the audit committee of the Company (the “**Audit Committee**”) concur with the Company’s auditor’s view and accept the qualification as a legacy issue tied to historical operations.

Transactions under the Group’s EPC project

The EPC project, undertaken by Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd. (“**Nanjing Drive**”) in Henan, China, was primarily managed by the Company’s former Director, Mr. Fang Jian. As previously disclosed, Mr. Fang handed over limited and incomplete information upon his departure, making it difficult for the new management to procure the full cooperation of the subcontractors and the project owner. Consequently, the Company is still unable to obtain adequate information regarding the progress of the EPC project and the subcontracting costs incurred by subcontractors up to 31 December 2025. Due to this limitation, the Company’s auditor was unable to obtain sufficient appropriate audit evidence and therefore maintained their qualification. Management and the Audit Committee agree with the Company’s auditor and accept this qualification, as it is a historical issue caused by the lack of proper handover from a former Director.

Financial assets at fair value through profit or loss

Regarding the equity investments in three limited partnerships at RMB423,300,000 as at 31 December 2024, management has successfully obtained the financial data of these partnerships as at 31 December 2025. Consequently, the Company’s auditor’s qualification now strictly focuses on the opening balances as at 1 January 2025 and the movements during the year. While management has made persistent efforts to demand the underlying historical financial information from the general partners to substantiate the movements, they have faced continued resistance. Given that the issue regarding the closing balances has been successfully resolved, both management and the Audit Committee agree with the auditor and accept the qualified opinion in respect of the opening balances and the valuation movements for the year, acknowledging that the necessary historical external data remains unavailable.

Proposed plan to address the qualified opinion

The Company is committed to taking prompt and necessary actions to resolve the audit issues in relation to the qualified opinion and is working closely with the Company's auditor to address the audit issues. The Company's proposed plan is as follows:

(a) Trade receivables, prepayments arising from trading business, and related party balances:

To resolve the qualification concerning the gross balances and related impairments, as well as to clarify whether they constituted related party balances, the Company will continue to actively issue reconciliation request letters and demands for underlying commercial documents, such as purchase contracts and valid explanations for expired framework agreements, to the transaction counterparties based on available accounting records. Furthermore, in response to the auditor's review of the existing independent investigation report (which noted limitations in obtaining sufficient appropriate audit evidence), the current Board fully supports and will adopt the auditor's recommendations. A follow-up third-party independent investigation has been commenced after the reporting period. In the meantime, the Company will continue to render all necessary support to the ongoing investigation and update the auditor with comprehensive evidence, aiming to ultimately resolve this qualification.

(b) Transactions under the Group's EPC project

In relation to the Group's EPC project, the Company will continue to actively negotiate with the project owner and subcontractors to procure the requisite financial data. As part of these efforts, management will continue to issue reconciliation request letters to subcontractors based on available accounting records, requesting confirmation of the cumulative pre-payments made by Nanjing Drive. Furthermore, the Company intends to engage third-party certified cost engineers to verify the number of progress reports issued and obtain the latest progress report to accurately assess the construction status. Concurrently, should the counterparties remain uncooperative, management will issue formal demands via legal representatives and consider appropriate actions under the relevant contractual arrangements and applicable laws.

(c) Financial assets at fair value through profit or loss

As management has successfully procured the financial data as at 31 December 2025, the issue regarding the closing balances has been fully resolved. Consequently, the current qualification is strictly confined to the historical opening balances and movements during the year ended 31 December 2025. Moving forward, the substantiated closing balances of 2025 will naturally serve as the accurate opening balances for the financial year 2026. Therefore, management expects that this specific qualification will have no carry-forward impact on the consolidated financial statements for the year ending 31 December 2026, other than its effect on the comparative figures. To ensure permanent resolution, management will maintain regular and proactive communication with the relevant general partners to secure the timely provision of future financial data, thereby preventing any recurrence of similar issues in subsequent years.

CORPORATE GOVERNANCE

During the year, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix C1 to 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 separate and should not be performed by the same individual.

During the year, Mr. Hu Jichun served as chairman of the Board (the “**Chairman**”) and chief executive officer of the Company (the “**CEO**”). The Board considered that vesting the roles of both the Chairman and the CEO in Mr. Hu Jichun was 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 would not be impaired. After the year, Mr. Hu Jichun resigned as an executive Director and ceased to be the Chairman on 16 January 2026 and was further removed from the position of the CEO on 31 March 2026. Mr. Li Zubin has been appointed as the CEO with effect from 31 March 2026.

Since the cessation of Mr. Hu Jichun as the Chairman on 16 January 2026, the Company has not yet appointed a new Chairman. The Board will endeavor to identify and appoint a suitable Chairman and will make an announcement in due course. The Board believes that, as the Company’s decisions are made collectively by the Board, the vacancy of the position of the Chairman will not have an adverse impact on 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 the securities transactions by the Directors and certain employees of the Company or any of its subsidiaries who are likely to be in possession of inside information of the Company. The Company has made specific enquiries of a former Director who has been removed in 2025 and eleven former Directors who resigned in 2026, and the former Directors, namely Mr. Hu Jichun, Mr. Chen Yongdao, Mr. Gu Xiaobin, Mr. Zhou Zhijin, Ms. Zheng Qing, Mr. Fang Jian, Mr. Ye Xingming, Mr. Jiang Xihe, Ms. Jiang Jianhua, Dr. Chan Yau Ching, Bob and Mr. Nathan Yu Li, have confirmed that they have complied with the required standard as set out in the Model Code throughout the year and until their respective resignation date. Apart from that, the Company did not receive any confirmation regarding the compliance of Model Code from the remaining former Director, namely Mr. Hu Yueming as at the date of this announcement. The Company has also made specific enquiries of the executive Directors (namely Mr. Li Zubin, Ms. Yuan Xiaohong, and Mr. Wang Bo) and the independent non-executive Directors (namely Mr. Lau Jing Yeung William, Mr. Lu Yuanzhu, and Mr. Tse Man Kit, Keith) appointed in 2026, and all current Directors have confirmed that they have complied with the required standard set out in the Model Code from the date of their appointment to the date of this announcement. The Company will continue to ensure compliance with the Model Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities (including sale of treasury shares (as defined in the Listing Rules)) of the Company during the year. As at 31 December 2025, the Company did not own any treasury shares (including any treasury shares held or deposited with CCASS (as defined in the Listing Rules)).

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company was suspended with effect from 9:00 a.m. on Wednesday, 1 April 2026 pending the release of this annual results announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on Thursday, 18 June 2026.

By order of the Board
China High Speed Transmission Equipment Group Co., Ltd.
LI Zubin
Executive Director and Chief Executive Officer

Hong Kong, 17 June 2026

As at the date of this announcement, the executive Directors are Mr. Li Zubin, Ms. Yuan Xiaohong and Mr. Wang Bo; and the independent non-executive Directors are Mr. Lau Jing Yeung William, Mr. Lu Yuanzhu and Mr. Tse Man Kit, Keith.