中國高速傳動設備集團有限公司*

China High Speed Transmission Equipment Group Co., Ltd.

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 658)

2025
ANNUAL REPORT

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* For identification purpose only

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Li Zubin *(CEO)*[1]
Ms. Yuan Xiaohong[3]
Mr. Wang Bo[3]
Mr. Hu Yueming *(resigned)*[5]
Mr. Hu Jichun *(Chairman (resigned) and CEO (removed))*[6]
Mr. Chen Yongdao *(resigned)*[7]
Mr. Zhou Zhijin *(resigned)*[7]
Ms. Zheng Qing *(resigned)*[7]
Mr. Gu Xiaobin *(resigned)*[7]
Mr. Fang Jian *(removed)*[16]

Non-executive Director

Mr. Ye Xingming *(resigned)*[8]

Independent Non-executive Directors

Mr. Lau Jing Yeung William[2]
Mr. Lu Yuanzhu[2]
Mr. Tse Man Kit, Keith[2]
Ms. Jiang Jianhua *(resigned)*[5]
Mr. Jiang Xihe *(resigned)*[7]
Dr. Chan Yau Ching, Bob *(resigned)*[7]
Mr. Nathan Yu Li *(resigned)*[7]

AUDIT COMMITTEE

Mr. Lau Jing Yeung William *(Chairman)*[2]
Mr. Lu Yuanzhu[2]
Mr. Tse Man Kit, Keith[4]
Ms. Jiang Jianhua *(resigned)*[9]
Mr. Jiang Xihe *(Chairman) (resigned)*[7]
Dr. Chan Yau Ching, Bob *(resigned)*[7]
Mr. Nathan Yu Li *(resigned)*[7]

REMUNERATION COMMITTEE

Mr. Tse Man Kit, Keith *(Chairman)*[10]
Mr. Li Zubin[2]
Mr. Lau Jing Yeung William[4]
Ms. Jiang Jianhua *(Chairman) (resigned)*[9]
Dr. Chan Yau Ching, Bob *(Chairman) (resigned)*[7]
Mr. Jiang Xihe *(resigned)*[7]
Mr. Chen Yongdao *(resigned)*[7]

NOMINATION COMMITTEE

Mr. Lu Yuanzhu *(Chairman)*[2]
Ms. Yuan Xiaohong[3]
Mr. Lau Jing Yeung William[4]
Mr. Tse Man Kit, Keith *(ceased)*[11]
Mr. Ye Xingming *(resigned)*[9]
Ms. Jiang Jianhua *(resigned)*[12]
Mr. Hu Jichun *(Chairman) (resigned)*[7]
Mr. Jiang Xihe *(resigned)*[7]
Mr. Nathan Yu Li *(resigned)*[7]

REGISTERED OFFICE

VISTRA (CAYMAN) LIMITED
P.O. Box 31119
Grand Pavilion, Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

Corporate Information

AUDITOR

Prism Hong Kong Limited

LEGAL ADVISER

YYC Legal LLP

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1302, 13th Floor, COFCO Tower
No. 262 Gloucester Road
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited
190 Elgin Avenue, George Town
Grand Cayman KY1-9008
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

COMPANY SECRETARY

Ms. Seto Ying[13]
Mr. Lui Wing Hong, Edward *(resigned)*[15]

AUTHORISED REPRESENTATIVES

Mr. Li Zubin[4]
Ms. Seto Ying[13]
Mr. Hu Yueming *(ceased)*[17]
Mr. Lui Wing Hong, Edward *(ceased)*[14]

PRINCIPAL BANKERS

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

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE

00658

WEBSITE

www.chste.com

Notes:

1 Appointed as Director on 16 January 2026 and appointed as CEO on 31 March 2026
2 Appointed on 16 January 2026
3 Appointed on 31 March 2026
4 Appointed on 23 March 2026
5 Resigned on 23 March 2026
6 Resigned as Director and Chairman on 16 January 2026 and removed as CEO on 31 March 2026
7 Resigned on 16 January 2026
8 Appointed on 2 July 2025 and resigned on 23 March 2026
9 Appointed as a member on 16 January 2026 and resigned on 23 March 2026
10 Appointed as a member on 16 January 2026, and re-designated as chairman on 23 March 2026
11 Appointed as a member on 23 March 2026 and ceased to hold office on 31 March 2026
12 Appointed as a member on 27 June 2025 and resigned on 23 March 2026
13 Appointed on 24 January 2026
14 Ceased to hold office on 24 January 2026
15 Resigned on 31 March 2026
16 Removed on 1 March 2025
17 Ceased to hold office on 23 March 2026

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

Five-Year Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

	Year ended 31 December				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
RESULTS					
Revenue from contracts with customers	**19,734,338**	22,075,470	24,077,148	21,079,654	20,210,526
Profit/(loss) for the year	**934,641**	(5,931,528)	615,236	644,211	1,396,860
Profit/(loss) for the year attributable to owners of the Company	**211,203**	(6,556,733)	95,517	101,599	1,315,245

	As at 31 December				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES					
Total assets	**39,227,676**	37,709,287	41,700,395	41,634,453	29,640,474
Total liabilities	**(25,883,044)**	(25,150,002)	(27,788,171)	(28,039,883)	(15,872,439)
	13,344,632	12,559,285	13,912,224	13,594,570	13,768,035
Attributable to:					
Owners of the Company	**8,460,113**	8,400,086	10,273,310	10,475,951	13,399,195
Non-controlling interests	**4,884,519**	4,159,199	3,638,914	3,118,619	368,840
	13,344,632	12,559,285	13,912,224	13,594,570	13,768,035

Statement of Chief Executive Officer

I am pleased to present the 2025 annual report of China High Speed Transmission Equipment Group Co., Ltd. (the "**Company**" or "**China High Speed Transmission**"). For the year ended 31 December 2025 (the "**Year**" or the "**Reporting Period**"), the Company and its subsidiaries (collectively referred to as the "**Group**") recorded sales revenue of approximately RMB19,734,338,000, representing a decrease of approximately 10.6% from 2024. Profit attributable to owners of the Company was approximately RMB211,203,000 (2024: loss attributable to owners of the Company of approximately RMB6,556,733,000). With unwavering commitment and sustained dedication to technological innovation, China High Speed Transmission remains as a leader of the high-end equipment manufacturing industry within China, and substantively contributes to a green and sustainable society by empowering the transformation of China's energy structure through its own development.

In 2025, amid complex and challenging domestic and international economic landscapes, the Chinese economy forged ahead against headwinds, progressing towards new highs and better quality, and recording notable achievements in high-quality development. According to data released by the National Bureau of Statistics, on a preliminary basis, China's gross domestic product (GDP) in 2025 was RMB140,187.9 billion, surpassing the RMB140 trillion threshold for the first time, representing an increase of 5.0% as compared with last year at constant prices, with its position maintained among the fastest-growing major economies globally. Data from the National Energy Administration of China shows that in 2025, China added 120 million kilowatts of newly installed wind power capacity, representing a year-on-year increase of approximately 51%, including 110 million kilowatts of onshore wind power and 6.59 million kilowatts of offshore wind power.

As a leader in wind power transmission equipment, the Group has consistently maintained independent technological innovation as its core driving force, dedicating unremitting efforts to the research and development of new technologies and their industrial application, and possessing mastery of key core technologies in the industry and leading the technological development trends of the industry. The Group's wind power gear transmission equipment products have obtained multiple authoritative domestic and international certifications, including CCS, CGC, CQC, TüV, DNV, UL, CE and ETL, demonstrating performance that meets the international advanced level. The Group provides the global market with a full range of wind power transmission products ranging from 1.5MW to 20$^+$MW, supported by an extensive and highly responsive service network, which feature flexible adaptation to diverse and complex operating conditions, including low-temperature, high-temperature, low-wind-speed, high-altitude, desert, Gobi, arid wasteland, and offshore environments, thereby fully addressing application requirements across varied scenarios. Concurrently, the Group has deeply integrated mechanical manufacturing with digital technologies, leveraging GearSight IoT cloud platform for gearbox health monitoring and diagnosis to establish a remote diagnosis center, providing robust support for the digital and intelligent transformation of downstream enterprises.

Statement of Chief Executive Officer

During the Reporting Period, the Group incorporated the customer-centric service concept deeply into the entire product lifecycle. With outstanding technological innovation capabilities and resolute commitment to integrity and pragmatism in partnerships, the Group has earned high recognition and trust from its customers, maintaining long-term and stable strategic cooperation with numerous renowned domestic and international wind turbine manufacturers, including Goldwind Science & Technology, Windey Energy Technology, Dongfang Electric Wind Power, SANY Renewable Energy, GE Vernova, Siemens Energy Wind Power, Nordex acciona and Suzlon, thus building a robust customer portfolio of both scale and quality that lays a solid foundation for the Group's sustained development. In respect of R&D and innovation, the Group further strengthened its investment in R&D and technological innovation. The Group's self-developed 20MW fully integrated drive chain gearbox platform product, as a core supporting component, successfully participated in the grid connection of the world's first 20MW offshore wind turbine, continuously injecting innovative momentum into the development of the industry. Under various complex operating conditions, including onshore, offshore, high-altitude, high– and low-temperature, and low-wind-speed environments, the Group's "overall wind turbine gearbox solution" has gained wide recognition, enabling the Group to become a trusted in-depth partner and comprehensive supplier to wind turbine manufacturers and wind farm operators. Going forward, the Group will progressively deploy the network of operation and maintenance centers and service agencies across the Americas, Europe and the Asia-Pacific region, steadily advancing the implementation of its globalization strategy while continuously innovating the development models and optimizing the growth pathways. Building upon its deep-rooted presence in the domestic market and solidified foundation for development within the territory of China, the Group will actively seize opportunities in overseas markets, expand the scope for collaboration with prospective customers, and thereby facilitate the achievement of globalized and sustainable development.

In the industrial gear transmission equipment business segment, the Group remains committed to the green development strategy, aligns closely with the overarching priorities of energy conservation, environmental protection, low-carbon transition and emission reduction, and unswervingly dedicates to further cultivation of expertise in transmission and drive technologies, propelling continuous innovation, iteration and optimization of relevant technologies. Drawing upon its proprietary R&D capabilities, the Group has successfully developed a portfolio of standardized, modular and intelligent core products with international competitiveness, alongside high-efficiency, high-reliability and low-energy electro-mechanical control integrated drive systems. While steadily consolidating its core competitive advantages in the heavy industrial equipment market, the Group actively explores application scenarios for its existing products in emerging markets and industries, and through sustained R&D and innovation, continuously enhances the added value of products and further expands the operational benefits across the full lifecycle. During the Reporting Period, the Group's self-developed high-torque co-rotating parallel twin-screw extruder gearbox product for large-scale extrusion pelletisers filled a domestic technological gap, with its technical standards reaching an internationally advanced level. The Group's 22-metre ultra-large ring rolling machine main gearbox was officially launched, demonstrating the R&D strength of domestically produced high-end equipment and continuously injecting innovative momentum into industry development. In addition, the successful application of the Group's "2250kW tower mill permanent magnet-gear drive system" has brought a brand-new solution to the mining industry, supporting its accelerated transition towards greener, more efficient and intelligent development. Currently, the Group's industrial gear transmission equipment products have achieved extensive penetration into multiple critical sectors of the national economy, including metallurgy, building materials, mining, petrochemicals, port cranes, construction machinery, rubber/plastic machinery, sugar extraction, power generation, new energy, aerospace and the low-altitude economy earning recognition and trust from numerous internationally renowned customers with exceptional product performance, stable operational quality and comprehensive technical support. Furthermore, to precisely address the diverse and differentiated core needs of its customers, the Group has extended its service boundaries to offer supporting component supply and integrated system solutions, assisting customers in achieving their development objectives of cost reduction, efficiency enhancement, quality improvement and capability upgrading, thereby continuously solidifying the Group's position as a core supplier in the industrial gear transmission equipment market.

Statement of Chief Executive Officer

In the business segment of rail transportation gear transmission equipment, the Group has consistently placed user requirements at the core, and remains dedicated to delivering reliable, safe and quiet high-quality products. After years of technological iteration and continuous optimization and upgrading, the Group's rail transportation gearbox products have obtained ISO/TS 22163:2017 Certificate for the Quality Management System of International Railway Industry, the CRCC Certification for Railway Products, and the IRIS Silver certification for four consecutive years since 2022, with these authoritative credentials providing robust qualification endorsement and core support for the Group's international business expansion. Leveraging exceptional gearbox design technology, mature and refined sealing technology, combined with meticulous control over the entire production workflow, the Group's products possess formidable competitive advantages in the market, and are highly recognized and favored by renowned domestic and international manufacturers. At present, the Group has established long-term, stable strategic partnerships with industry leaders such as CRRC and Alstom domestically and internationally, achieving mutual benefit and synergistic development. To date, the Group's rail transportation gearbox products have been successfully deployed in various types of vehicle equipment worldwide, and the Group is witnessing steadily ascending in brand influence and market standing in the global rail transportation sector.

Propelled by the ongoing global wave of sustainable development, the structural transformation of energy system has become an imperative pathway for fulfilling the vision of green development and achieving synergistic progress between ecological preservation and economic growth. Wind power, as a renewable energy source of considerable potential, has emerged as a pillar industry in the global energy transition, underpinned by its marked economic advantages and environmental friendliness. Under the guidance of the "Dual Carbon" goals, the global demand for clean energy continues to rise, therefore shaping expansive market space and broad development opportunities for the large-scale growth of the wind power industry. Concurrently, the wind power industry faces multifaceted challenges: intensifying market competition has exerted certain pressure on overall industry profit margins; moreover, the accelerating evolution towards larger-scale, digitalized and intelligent wind turbines has placed more rigorous requirements on the technical capabilities, R&D strengths and operational excellence of wind power enterprises. Confronted with this landscape of coexisting opportunities and challenges, the Group will further increase investment in technological innovation resources, focusing intensively on the research and development of core technologies to continuously fortify its technical moat and strengthen its core competitive advantages, so as to ensure distinguished performance amid fierce market competition and fully drive innovative breakthroughs and high-quality development in the high-end equipment manufacturing business.

As the ancient proverb goes, a journey of a thousand miles begins with a single step. Going forward, the Group will, taking the four core competitiveness of "innovative thinking, zero-defect quality, professional services and customer proximity" as the strategic anchor, adopt a proactive approach to assess industry development trends, accurately identify market opportunities, continuously introduce new products and enrich the product portfolio by staying focused on the two main priorities of breakthrough innovation and quality enhancement, to enable delivery of superior, more diversified and higher-value product and service solutions to its customers. Additionally, the Group will closely monitor market dynamics, actively explore new markets, expand new channels and unlock new growth drivers, while deepening internal refined management to continuously improve operational efficiency and profitability, thereby fortifying its core market position. We will also remain true to the founding mission of "transmitting the power of progress for human civilization", fully integrating the concept of sustainable development into our core management strategy and progressively embedding it into every aspect of our business layout and operational practice, honoring our social responsibility with concrete actions, injecting momentum and contributing unwavering commitment towards the achievement of "Dual Carbon" goals.

Statement of Chief Executive Officer

Finally, on behalf of the board (the "**Board**") of directors (the "**Directors**") of the Company, I would like to express our sincerest gratitude and highest respect to shareholders for their steadfast support, to every hardworking colleague for their endeavors and dedication, and to all our trusted partners for their confidence in us. Looking ahead, may we continue to join hands in unity and walk side by side as we embark upon a new journey and open a new chapter together.

Li Zubin
Chief Executive Officer

17 June 2026

Management Discussion and Analysis

BUSINESS REVIEW

China High Speed Transmission Equipment Group Co., Ltd. (the "**Company**") and its subsidiaries (collectively referred to as 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 ended 31 December 2025 (the "**Year**" or the "**Reporting Period**"), 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.

RECOGNITION AND CERTIFICATION OF THE GROUP

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

As at 31 December 2025, the Group was granted a total of 1,133 national-authorised patents and have submitted 204 patent applications pending for approval. The Group was the first producer to adopt ISO 1328 and ISO 6336 international standards in the PRC. The Group was also nominated as an enterprise for the 863 State Plan and a Computer Integrated Manufacturing System (CIMS) Application Model Enterprise by the Ministry of Science and Technology of the PRC. The Group has obtained ISO 9001:2015 Quality Management System certificate, ISO 14001:2015 Environmental Management System certificate, ISO 45001:2018 Occupational Health and Safety Management System certificate, ISO 10012:2003 Measurement Management System certificate and ISO 50001:2018 Energy Management System certificate. In addition, the Group has also obtained the GB/T 23001-2017 integration of informationization and industrialization management system certificate (AAA). Its testing laboratory has obtained the ISO/IEC 17025:2017 CNAS Laboratory certificate. Several special processes of heat treatment have obtained the TPG special process certificate and the GearSight of the Group was also certified by the CMMI Level 3 assessment in the global software domain. During the Year, Nanjing High Speed once again received the Windpower Monthly Global Gold Award for Best Drive Train of the Year, further demonstrating the Group's profound expertise and continuous innovation capabilities in the wind power transmission sector. Furthermore, Nanjing High Speed is a certified member company of APQP4Wind.

Wind gear transmission equipment products of the Group have obtained certifications from China Classification Society (CCS), China General Certification Center (CGC), China Quality Certification Centre (CQC), Technische ÜberwachungsVerein (TÜV), DNV, UL, European Union's CE and ETL; industrial gear transmission equipment products have been certified with the European Union's CE certificate, Mining Products Safety Approval and Certification Center (MA), ATEX, CUTR, GOST and APIQ1 Quality Management System of American Petroleum Institute; and rail transportation gear transmission equipment products have obtained ISO/TS 22163 Certificate for the Quality Management System of International Railway Industry, CRCC Certification for Railway Products, and the IRIS "Silver" Certificate. In 2025, Nanjing High Speed's energy conservation and emission reduction case was successfully selected as one of the "Carbon Path to the Future – 2024 Typical Climate Action Cases" published at the "2025 Climate Action Ecosystem Partners Conference", demonstrating from multiple dimensions the Group's exemplary practices in actively promoting green manufacturing as a high-end equipment manufacturing enterprise. Subsidiaries including Nanjing High Speed have obtained ISO 14064 organisational greenhouse gas emissions verification certification, and NGC (Huai'an) High Speed Gear Manufacturing Co., Ltd. has also obtained ISO 14067 product carbon footprint verification certification.

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

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 Year ended 31 December		
	2025 **RMB'000**	2024 RMB'000	**Change**
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 7 to the consolidated financial statements. 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 note 38 to the consolidated financial statements, 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 note 5 to the consolidated financial statements.

FINANCIAL GUARANTEES CONTRACTS

Save as shown in the note 3.1(b) to the consolidated financial statements, 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 Note 37 to the consolidated financial statements.

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 Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd ("**Nanjing Drive**"), Nanjing Handa Import and Export Trading Co., Ltd. and Nanjing Shengzhuang Supply Chain Co., Ltd. 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 Note 40 to the consolidated financial statements (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.

ADDITIONAL INFORMATION ON THE QUALIFIED OPINION

For the year ended 31 December 2025, the Company's auditor, Prism Hong Kong Limited (the "**Auditor**"), issued a qualified opinion (the "**Qualified Opinion**") on the consolidated financial statements. The Board and the audit committee of the Company (the "**Audit Committee**") have thoroughly reviewed the basis of the Qualified Opinion and have taken decisive governance interventions to address and resolve these legacy issues.

Details of the Qualified Opinion and Audit Modifications

In view of the audit issues (the "**Audit Issues**") as described in the section of "Basis of Qualified Opinion" in the Independent Auditor's Report, the Company have made various attempts to communicate with auditors in connection with the Audit Issues during the course of preparing the annual results and annual report of the Group for the year ended 31 December 2025. Based on communication with its auditors, the reasons for qualified opinion are as follows:

(i) 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 the 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 the Note 41 to the consolidated financial statements is complete and accurate.

(ii) 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 the 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.

(iii) 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 the Note 21(ii) to the consolidated financial statements. 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.

Management Discussion and Analysis

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. For details, please refer to the announcement of the Company dated 10 June 2026.

(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.

* *For identification purpose only*

Biographies of Directors and Senior Management

Details of the biographies of Directors in office and senior management as at the date of this annual report are listed as follows:

EXECUTIVE DIRECTORS

Mr. Li Zubin ("Mr. Li"), aged 57, was appointed as an executive director of the Company (the "**Director**") on 16 January 2026. He is also the chief executive officer and a member of the remuneration committee of the Company (the "**Remuneration Committee**"). Mr. Li is also a director of certain subsidiaries of the Company. He graduated with a doctor degree in business administration from the W. P. Carey School of Business at Arizona State University, the U.S.A. (亞利桑那州立大學凱瑞商學院) in May 2020.

Mr. Li served as an information service engineer (信息服務科信息服務工程師) and administrative enforcement specialist (行政執法專員) at the Jiangsu Provincial Meteorological Bureau's Information Service Department (江蘇省氣象臺信息服務科) from July 2000 to June 2001. He also served as the manager and IE engineer at the Nanjing branch of Shenzhen Taisi Technology Co., Ltd.* (深圳泰思科技有限公司) from July 2001 to May 2002, the manager at Mahle (Nanjing) Engine Parts Co., Ltd.* (馬勒(南京)發動機配件有限公司) from June 2002 to May 2003, the assistant compensation and benefits manager (助理薪酬福利經理) at Xinjiekou store of Walmart China's Nanjing branch (中國沃爾瑪南京分公司購物中心新街口店) from June 2003 to July 2004. Mr. Li also served as the project manager at Shanghai Tuosheng Management Consulting Co., Ltd.* (上海拓晟管理諮詢有限公司) from August 2004 to March 2005 and an executive director of Shanghai Zhibi Enterprise Management Consulting Co., Ltd.* (上海智比企業管理諮詢有限公司) from April 2005 to November 2010. He served as an executive president at Nanjing Jiangong Industrial Group Co., Ltd.* (南京建工產業集團有限公司) from July 2010 to June 2012, and has served as an executive director of Shanghai Derui Human Resource Management Consulting Co., Ltd.* (上海德銳人效管理諮詢有限公司) since March 2012 and an executive director of Jiangsu Derui Management Technology Co., Ltd.* (江蘇德銳管理科技有限公司) since April 2018.

Ms. Yuan Xiaohong ("Ms. Yuan"), aged 50, was appointed as an executive Director on 31 March 2026. She is a member of the nomination committee of the Company (the "**Nomination Committee**"). Ms. Yuan is also a director of certain subsidiaries of the Company. Ms. Yuan graduated from the Department of Accounting, Nanjing University (南京大學), obtaining a master's degree in accounting. She was assessed as a Jiangsu Accounting Industry Leading Talent (江蘇省會計行業領軍人才) in March 2023 and obtained the qualification of Senior Accountant (正高級會計師) in November 2025.

Ms. Yuan joined Nanjing Fullshare Industrial Holding Group Co., Ltd.* (南京豐盛產業控股集團有限公司) in 2010 and has since held various positions including senior finance manager and finance director. In 2015, Ms. Yuan joined Fullshare Holdings Limited ("**Fullshare**", a controlling shareholder of the Company) (stock code: 607) (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")), and has served as financing director and assistant to the chief executive officer. She currently serves as vice president of Fullshare. Ms. Yuan was appointed as a Master's Student Industry Supervisor (碩士研究生行業導師) at Nanjing University in May 2025.

Mr. Wang Bo ("Mr. Wang"), aged 46, was appointed as an executive Director on 31 March 2026. Mr. Wang is also a director of a subsidiary of the Company. He obtained a Juris Doctor degree from Duke University in the United States in 2007, a master's degree in law from Nanjing University (南京大學) in 2004, and a bachelor's degree in law from Nanjing Institute of Economics (南京經濟學院) (currently known as Nanjing University of Finance and Economics (南京財經大學)) in 2001. He also obtained the qualification of legal professional in the People's Republic of China in 2002.

Mr. Wang served as an associate and senior associate at King & Wood Mallesons from 2007 to 2010, and worked in the legal department of DBS Bank (China) Limited from 2010 to 2011. He has been serving as vice president of Fullshare since October 2019. He also served as an executive director of Fullshare from September 2014 to October 2019. From September 2016 to December 2017, Mr. Wang served as the chairman of the board and non-executive director of Novautek Technologies Group Limited (formerly known as Applied Development Holdings Limited) (stock code: 519) (a company listed on the Main Board of the Stock Exchange). From April 2017 to March 2018, Mr. Wang served as a director of Pok Oi Hospital and received a citation from the Secretary for Food and Health of the Hong Kong Special Administrative Region in March 2018.

Mr. Wang was the sole shareholder, the director and the legal representative of Nanjing Mei Xun Industrial and Trade Co., Ltd.*（南京美迅工貿實業有限公司）(“**Nanjing Mei Xun**”), which was established in Nanjing in June 2004 and had remained dormant since its establishment. The business licence of Nanjing Mei Xun was revoked by the Nanjing Administration for Industry and Commerce because it failed to participate in the annual inspection conducted by the Xuanwu Branch of the Nanjing Administration for Industry and Commerce for the year 2010 within the prescribed time. To the best knowledge and belief of Mr. Wang, the daily operation of Nanjing Mei Xun (including handling of the annual inspection) was handled by the local staff of Nanjing Mei Xun, and Mr. Wang was not aware of any information regarding the failure of such local staff to conduct the annual inspection. To the best knowledge of Mr. Wang, Nanjing Mei Xun has not been subject to any fine or penalty as a result of the revocation of its business licence.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lau Jing Yeung William (“Mr. Lau”), aged 44, was appointed as an independent non-executive Director on 16 January 2026. He is the chairman of the audit committee of the Company (the “**Audit Committee**”), a member of Remuneration Committee and Nomination Committee. Mr. Lau obtained his Master of Business (Marketing) degree and Bachelor of Business (Accountancy) degree from Queensland University of Technology, Australia, in October 2003 and October 2002, respectively. Mr. Lau was admitted as a member of the Institute of Certified Management Accountants in July 2012, an associate of the Chartered Institute of Management Accountants in June 2011, and a member of CPA Australia in December 2010.

He has over 16 years of experience in accounting, finance, and consulting. He has been an independent non-executive director of Yunhong Guixin Group Holdings Limited (stock code: 8349) and Universe Printshop Holdings Limited (環球印館控股有限公司) (stock code: 8448), both of which are listed on the GEM of the Stock Exchange, since January 2026 and October 2025, respectively.

Mr. Lau served as (i) an independent non-executive director of Asia Television Holdings Limited (亞洲電視控股有限公司) (stock code: 707) (a company listed on the Main Board of the Stock Exchange which is currently in liquidation) from December 2022 to August 2025; (ii) an independent non-executive director of Zhengwei Group Holdings Company Limited (正味集團控股有限公司) (stock code: 2147) (a company listed on the Main Board of the Stock Exchange) from December 2022 to October 2024; (iii) an independent non-executive director of Fengyinhe Holdings Limited (豐銀禾控股有限公司) (formerly known as Flying Financial Service Holdings Limited (匯聯金融服務控股有限公司))(stock code: 8030) (a company listed on the GEM of the Stock Exchange), from March 2022 to December 2022; and (iv) an independent non-executive director of Huisen Shares Group Limited (匯森股份集團有限公司) (formerly known as Huisen Household International Group Limited (匯森家居國際集團有限公司)) (stock code: 2127) (a company listed on the Main Board of the Stock Exchange) from December 2020 to April 2022.

Biographies of Directors and Senior Management

Mr. Lu Yuanzhu ("Mr. Lu"), aged 48, was appointed as an independent non-executive Director on 16 January 2026. He is the chairman of the Nomination Committee and a member of the Audit Committee. He is a holder of doctorate degree in economics. Mr. Lu obtained a dual bachelor's degree in Applied Chemistry and Economics from Peking University in Beijing, China in July 1999, a master's degree in Industrial Economics from Peking University in Beijing, China in July 2002, and a PhD degree in Economics from National University of Singapore (新加坡國立大學) in Singapore in April 2007.

Mr. Lu has around 20 years of experience in the education industry. From September 2006 to July 2020, Mr. Lu successively served as an assistant professor, an associate professor and a professor at the Research Institute of China Economics and Management (中國經濟與管理研究院) of Central University of Finance and Economics (中央財經大學). From August 2020 to February 2022, Mr. Lu served as a professor at the School of International Finance (國際金融學院) of Sun Yat-sen University (中山大學). Since March 2022, Mr. Lu has been serving as a professor at the School of Economics and Management (經濟管理學院) of University of Science and Technology Beijing (北京科技大學), where his research fields include economics and management.

Mr. Lu has previously served as (i) an independent non-executive director of eFuture Holding Inc. (北京富基融通科技有限公司) (stock code: NASDAQ: EFUT) from March 2016 to January 2017; (ii) an independent non-executive director of Guolian Securities Co., Ltd. (國聯證券股份有限公司) (currently known as Guolian Minsheng Securities Company Limited (國聯民生證券股份有限公司)), a company listed on the Shanghai Stock Exchange (stock code: 601456) and the Main Board of the Stock Exchange (stock code: 1456) from March 2017 to October 2022; (iii) an independent director of Beijing Tianyishangjia New Material Corp., Ltd. (北京天宜上佳高新材料股份有限公司) (stock code: 688033) (a company listed on the Shanghai Stock Exchange) from December 2018 to December 2024; (iv) an independent director of Beijing Global Safety Technology Co., Ltd. (北京辰安科技股份有限公司) (stock code: 300523) (a company listed on the Shenzhen Stock Exchange) from December 2018 to January 2025; and (v) an external supervisor of Wuxi Rural Commercial Bank Co., Ltd.* (無錫農村商業銀行股份有限公司) (stock code: 600908) (a company listed on the Shanghai Stock Exchange) from August 2024 to October 2025.

Mr. Lu has also served as (i) an independent non-executive director of Mobvoi Inc. (出門問問有限公司) (stock code: 2438) (a company listed on the Main Board of the Stock Exchange) since April 2024; and (ii) an independent director of Beijing Yuanlong Yatu Culture Communication Co., Ltd.* (北京元隆雅圖文化傳播股份有限公司) (stock code: 002878) (a company listed on the Shanghai Stock Exchange) since December 2024.

Mr. Lu was selected into the New Century Excellent Talents Support Program (新世紀優秀人才支持計劃) by the Ministry of Education of the PRC in December 2011. In January 2015, Mr. Lu was awarded with the third prize of the Young Teacher Award for Higher Institutions by the Huo Yingdong Education Foundation (霍英東教育基金會). In September 2017, Mr. Lu was named as an Outstanding Teacher of Beijing by the Beijing Municipal Education Commission (北京市教育委員會).

Mr. Tse Man Kit, Keith ("Mr. Tse"), aged 52, was appointed as an independent non-executive Director on 16 January 2026. He is the chairman of the Remuneration Committee and a member of the Audit Committee. Mr. Tse obtained a bachelor degree in commerce from University of Wollongong, New South Wales, Australia in July 1997, majoring in accountancy and finance. Mr. Tse is a fellow Certified Practising Accountant of CPA Australia and a fellow member of the Hong Kong Institute of Certified Public Accountants.

Mr. Tse has around 29 years of working experience in accounting and financial management. He worked in a number of international accountant firms during the period from 1997 to 2007. Mr. Tse served as (i) the corporate accounting director of Flash Electronics Inc. (飛旭電子有限公司) from January 2007 to January 2008; (ii) a qualified accountant of Fosun International Limited (復星國際有限公司) (stock code: 656) (a company listed on the Main Board of the Stock Exchange) from March 2008 to August 2010; and (iii) the chief financial officer and company secretary of Shunfeng International Clean Energy Limited (順風國際清潔能源有限公司) (stock code: 1165) (a company listed on the Main Board of the Stock Exchange) from September 2010 to November 2018. He has been the chief financial officer and an executive director of China Technology Industry Group Limited (中國科技產業集團有限公司) (stock code: 8111) (a company listed on the GEM of the Stock Exchange) since May 2019 and July 2019 respectively, and re-designated from the chief financial officer to chief executive officer since 30 December 2024.

Mr. Tse has served as an independent non-executive director of Beijing Health (Holdings) Limited (北京健康 (控股) 有限公司) (formerly known as GENVON Group Limited (正峰集團有限公司)) (stock code: 2389) (a company listed on the Main Board of the Stock Exchange) since September 2014 and an independent non-executive director of Beijing Sports and Entertainment Industry Group Limited (北京體育文化產業集團有限公司) (formerly known as ASR Logistics Holdings Limited (瀚洋物流控股有限公司)) (stock code: 1803) (a company listed on the Main Board of the Stock Exchange) since January 2016.

SENIOR MANAGEMENT

Ms. Seto Ying ("Ms. Seto"), aged 49, was appointed as the joint company secretary of the Company on 24 January 2026. She is appointed as chief financial officer and serves as the sole company secretary of the Company on 31 March 2026. Ms. Seto is a director of certain subsidiaries of the Company. Ms. Seto obtained a bachelor's degree majoring in business administration in accountancy from the Chinese University of Hong Kong in 1998. Ms. Seto is a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Ms. Seto has more than 20 years of experience in the field of finance and company secretarial matters including working in an international accounting firm. She currently serves as the company secretary of Fullshare.

* *For identification purpose only*

Directors' Report

The board (the "**Board**") of directors (the "**Director(s)**") of China High Speed Transmission Equipment Group Co., Ltd. (the "**Company**") is pleased to present the Directors' report and the audited consolidated financial statements of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2025 (the "**Year**" or the "**Reporting Period**").

PRINCIPAL ACTIVITIES AND 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. Details of the principal activities of the major subsidiaries and associates of the Company are set out in the Notes 17 and 18 to the consolidated financial statements respectively. Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**"), including an indication of likely future developments in the Group's business, can be found in the "Management Discussion and Analysis" set out on pages 10 to 25 of this annual report. These discussions form a part of this report.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group has complied with relevant PRC laws and regulations relating to environmental protection, and has operated and implemented the relevant requirements of ISO 14001:2015 Environment Management System and ISO 50001:2018 Energy Management System. The Company has strictly followed the laws and regulations requirements, such as the Environmental Protection Law of the PRC and the Clean Production Promotion Law of the PRC, and has established environmental protection systems to ensure the implementation of various laws and regulations and the legal treatment and disposal of various types of emissions, and regularly submits environmental protection statistics and makes tax payment for environmental protection in a timely manner to relevant environmental protection authority. The Group conducts construction of new, reconstruction and expansion projects according to the latest national standards on environmental protection, engages design institute with Grade A qualification, experts in the industry, professors in universities, professional third-party service organizations, etc. to design the environmental protection plans, and conscientiously implements the concept of "three concurrents", namely concurrent design, concurrent construction and concurrent acceptance, to ensure the implementation of the principle of solving problems immediately is implemented when problems are encountered, without procrastination, repetition, waste, and reduce the unnecessary carbon emissions. In respect of previous projects, the Company also put considerable human and financial resources to conduct inspections and improvements. During the Year, the discharge and disposal of various types of waste of the Group met the requirements of relevant environmental protection authority. The Group always pays close attention to the development trend of environmental protection equipment at home and abroad, seeks for environmental protection equipment and facilities suitable for its own development, and continues to reduce the impact on the atmosphere, water and land.

Nanjing High Speed Gear Manufacturing Co., Ltd.* (南京高速齒輪製造有限公司) ("**Nanjing High Speed**") has obtained the ISO 14001:2015 Environment Management System certification every year since 2008, passed the Environmental-Friendly Enterprise Assessment organized by Nanjing Environmental Protection Agency at the end of 2012 and passed the Clean Production Enterprise Assessment at the end of 2013. The project of "level–specific control over land risks on key enterprises" was initiated in 2020 to ensure the control over land risks. In 2023, it was awarded the title of "Nanjing Environmental Protection Demonstration Enterprise" and certified as a "Jiangsu Green Factory" and obtained ISO 50001:2018 Energy Management System certification in the same year. In 2023, the Nanjing Ecology and Environment Bureau recognized Nanjing High Speed's emulsion recycling system as a "2023 Nanjing Clean Production Typical Case", promoting it throughout the city. In 2024, the Department of Ecology and Environment of Jiangsu Province rated Nanjing High Speed as a "Grade A Enterprise in Key Industry Performance Evaluation", which is the highest grade in the performance rating of key industries in Jiangsu Province, representing a green benchmark for air pollution control in the industry. Nanjing High Accurate has passed the ISO 14001:2015 Environmental Management System certification every year since 2007, was awarded the title of "Jiangning Water-Saving Enterprise" in 2021 and was certified as a "Jiangsu Green Factory" in 2023. The Group has established environmental protection responsibilities for personnel at all levels and has formulated the Emergency Response Plan for Emergency Environmental Incidents and conducted regular drills. In 2024, Nanjing High Accurate successfully obtained the ISO 50001:2018 Energy Management System certification. In addition, other certain subsidiaries of the Group have obtained the ISO 14001:2015 Environmental Management System certification, ISO 50001:2018 Energy Management System Certification and certified as national or provincial "Green Factory". Through the regular inspection of each unit in charge of the production process and the irregular spot check in cooperation with the regulatory authorities, the Group is able to ensure the implementation of various environmental protection systems. At the same time, we will collect significant environmental incidents cases at home and aboard and organize all employees to learn and publicize to avoid the occurrence of the same incidents and to truly embed environmental protection into the Company's production, operation and management. While our business grows, we will enhance the Company's contribution to environmental protection.

The 2025 Environmental, Social and Governance Report (the "**2025 ESG Report**") of the Company has been uploaded to the website of the Company (www.chste.com) and the website of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (www.hkexnews.hk) together with this annual report. The 2025 ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide under Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") to enable stakeholders to understand the Group's sustainable development philosophy as well as its strategies and performance in the environmental, social and governance sectors.

KEY RELATIONSHIP WITH STAKEHOLDERS

The Company is committed to operating on a going concern basis while balancing the interests of various stakeholders, including employees, customers and suppliers of the Group.

We understand that employees are our important assets, we formulate and implement human resources policies that are conducive to the sustainable development of the Group. We actively cultivate, recruit and retain various talents to reduce the loss of key talents; at the same time, we eliminate unqualified employees in a timely manner to ensure that our employee team is more professional, more engaged and more efficient on the basis of maintaining good employee turnover. The Group has always maintained a low employee turnover rate as compared to the other companies in the manufacturing industry, which indirectly reflects the high sense of belonging of employees to the Group. We provide employees with fair, reasonable and competitive remuneration, determine the standards for their remuneration reasonably with reference to the local labor market and remuneration rates in the industry, formulate remuneration grade based on positions, set the specific amount of remuneration based on personal capacity, qualification and performance, and determine performance bonuses and year-end bonuses following the results of performance evaluation. Besides, we attach great importance to the development of employees, and establish a clear position system which provides different directions for vocational development. We have professional training and development courses for each career development direction, and provide them to outstanding employees. Meanwhile, the employees at senior level are responsible for supporting the career development of their juniors, conducting career development interviews and performance evaluations with their juniors at least once a year, guiding the direction and making suggestions, giving them corresponding development opportunities, and cultivating and reserving the reserve forces of the department.

We focus on sustainable development and are always committed to technological innovation and technological progress. We are a supplier with stable growth, reliable quality and perfect service in the global gear transmission equipment industry. We strive to improve product quality and service quality, improve customer satisfaction, and establish and maintain long-term and stable partnerships with customers. We have conducted annual customer satisfaction surveys for more than ten consecutive years, and invited customers to evaluate us in a comprehensive manner to promote our continuous improvement. The customer satisfaction of our gear transmission equipment business has maintained at a high level and is at a relatively high level in the industry. We are committed to providing customers with high-quality products and professional services, and accelerating the strategic layout of global business operations. While focusing on the PRC market, we also establish a global after-sales service system. With the operation and maintenance centers and service agencies established in China, the United States, Germany, Singapore and India and other countries, we endeavor to provide global partners with a complete set of solutions and efficient support services to help customers to achieve high reliability and low operating costs of the transmission system, and follow up the diversified needs of customers, further enhance the brand influence and global service quality, and achieve the sustainable development of the Company around the globe. We also hold customer day activities and participate in international and domestic exhibitions to facilitate the publicity and promotion of new products, strengthen technical communication and business exchanges with customers, and are committed to producing better products and providing more professional services for customers, and develop longterm, stable, extensive and close customer relationships.

We firmly believe that a good supply chain is very important for the sustainable development of the corporate ecosystem. We conduct supplier classification management according to our supplier's business importance, years of supply and performance evaluation. Supplier performance is comprehensively assessed on a monthly/quarterly and annual basis with reference to factors such as quality, cost, delivery etc. to determine the level of qualified suppliers. We strive to maintain close communication with suppliers. Through mutual visits with suppliers, holding supplier conferences, participating in large-scale exhibitions and exchange meetings, we are able to explore future cooperation opportunities with representatives of suppliers from different countries or regions, be informed of the latest news of the industry, and express our gratitude for the suppliers' support to the Company.

During the Year, we maintained good relationships with various key stakeholders, including employees, customers, suppliers, shareholders, government and regulatory agencies, the public and nearby communities. The Group will continue to ensure effective communication and good relationship with all key stakeholders. A description of key relationships with employees, customers and suppliers will be set out in the 2025 ESG Report of the Company which is published on the websites of the Stock Exchange and the Company respectively in accordance with the Listing Rules.

COMPLIANCE WITH LAWS AND REGULATIONS

At the company level, the Company has complied with the requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"), including those related to information disclosures and corporate governance. The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules (the "**Model Code**").

In addition, 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, and our operations are mainly conducted in the PRC. We noticed that the Group was not involved in any major violation of laws and regulations regarding the environmental protection, work safety, labour, child and forced labour, occupational health and safety, product liability, product labeling, advertising and prevention of bribery, such as the Company Law of the PRC, the Environmental Protection Law of the PRC, the Work Safety Law of the PRC, the Labour Law of the PRC, the Labor Contract Law of the PRC, the Provisions on the Prohibition of Using Child Labour, the Code of Occupational Disease Prevention of the PRC, the Product Quality Law of the PRC, the Advertisement Law of the PRC, the Trademark Law of the PRC, the Anti-Unfair Competition Law of the PRC, the Interim Provisions on Prohibition of Commercial Bribery and the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong).

Directors' Report

MATERIAL 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 Enterprise Management Co., Ltd. (a wholly-owned subsidiary of the Company) and Jinhu Shifu Corporate Management Partnership (Limited Partnership) (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.

KEY RISKS AND UNCERTAINTIES

Apart from the risk of foreign exchange rate fluctuation and interest rate risk set out in the "Management Discussion and Analysis" on pages 19 to 20 of this annual report, set out below are the key risks and uncertainties facing the Group. It is a non-exhaustive description herein and there may be other risks and uncertainties beyond the scopes outlined below. Besides, this annual report does not constitute a recommendation or an advice for anyone to invest in the securities of the Company and investors are advised to make their own judgment or consult with their own investment advisors before making any investment in the securities of the Company.

The sale of wind gear transmission equipment to our customers who are wind turbine manufacturers is one of the main businesses of the Group. These customers provide wind power machines to wind energy generation companies which rely on local grid companies to offer connection, transmission and distribution services and to sell the electricity. If these wind energy generation companies fail to establish effective connection with the power grid or sell the electricity they generate, their demand for our wind gear transmission equipment could decrease, and therefore our business operations may be adversely affected.

In addition, the commercial feasibility and profitability of the wind gear transmission equipment business of the Group are significantly dependent on the PRC government's policies and regulatory framework supporting renewable energy development. However, the PRC government may change and/or abolish such policies and regulatory framework, and such changes and/or abolishment may bring about adverse impact on our business.

OPERATING RESULTS

The operating results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and the consolidated statement of comprehensive income on pages 71 to 72 of this annual report.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

DISTRIBUTABLE RESERVE

The Company's reserves available for distribution to shareholders of the Company (the "**Shareholder(s)**") as at 31 December 2025 and 2024 were as follows:

	2025	2024
	RMB'000	RMB'000
Share premium	**3,705,495**	3,705,495
(Accumulated losses)/retained earnings	**(134,550)**	174,741
Total	**3,570,945**	3,880,236

Under the Companies Act, Cap. 22 of the Cayman Islands, the share premium is available for paying distributions or dividends to Shareholders subject to the provisions of its memorandum and articles of association and provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business. The articles of association of the Company (the "**Articles of Association**") provides that an ordinary resolution passed by the Shareholders is required for any distribution out of the share premium account. In the opinion of the Directors, the reserves of the Company available for distribution as calculated in accordance with the statutory provisions applicable comprise share premium, contributed surplus and retained earnings.

The distributable reserve of the Company as at 31 December 2025 was approximately RMB3,570,945,000 (2024: RMB3,880,236,000).

FIVE-YEAR FINANCIAL SUMMARY

The summary of business results and assets and liabilities of the Group for the latest five financial years is set out on page 5 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in the Note 14 to the consolidated financial statements.

SHARE CAPITAL AND SHARE ISSUED

Details of the issued share capital of the Company are set out in the Note 33 to the consolidated financial statements. During the Year, there was no movement in the share capital of the Company.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year or subsisted at the end of the Year.

BORROWINGS

Details of the borrowings of the Group during the Year are set out in the Note 27 to the consolidated financial statements.

Directors' Report

TAXATION

Details of the taxation of the Group during the Year are set out in the Note 11 to the consolidated financial statements.

DONATION EXPENDITURE

During the Year, the donation expenditure of the Group was approximately RMB5,314,000 (2024: RMB5,196,000).

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)).

SHARE SCHEME

As at 31 December 2025, the Group did not have any share schemes.

MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the purchase amount (not of a capital nature) from the Group's top five suppliers and largest supplier accounted for approximately 34% and 11% of our total purchase amount respectively. During the Year, revenue from sales of goods to the Group's top five customers and largest customer accounted for approximately 62% and 16% of our total revenue from sales of goods respectively. All transactions between the Group and relevant suppliers and customers were carried out on normal commercial terms.

To the knowledge of the Directors, none of Directors and any Shareholders holding over 5% of the Company's shares (the "**Share(s)**") and their close associates (within the meaning of the Listing Rules) had any interests in the top five suppliers and customers during the Year.

DIRECTORS' SERVICE CONTRACTS

All Directors have entered into service agreements or letters of appointment with the Company for a term of three years.

Under the Articles of Association, at every annual general meeting of the Company, no less than one-third of the Directors for the time being shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years and eligible to offer themselves for re-election. In addition, according to code provision B.2.3 of the Corporate Governance Code contained in Appendix C1 to the Listing Rules, if an independent non-executive Director serves more than nine years, his/her appointment should be subject to a separate resolution to be approved by shareholders.

None of the Directors intending to seek re-election at the annual general meeting of the Company held on 26 June 2026 has an unexpired service agreement or letter of appointment with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS

The Directors during the Year and up the date of this report were as follows:

Executive Directors:

Mr. Li Zubin *(CEO) (Appointed as Director on 16 January 2026 and appointed as CEO on 31 March 2026)*
Ms. Yuan Xiaohong *(Appointed on 31 March 2026)*
Mr. Wang Bo *(Appointed on 31 March 2026)*
Mr. Hu Jichun *(Chairman and CEO) (Resigned as Director and Chairman on 16 January 2026 and removed as CEO on 31 March 2026)*
Mr. Hu Yueming *(Resigned on 23 March 2026)*
Mr. Chen Yongdao *(Resigned on 16 January 2026)*
Mr. Zhou Zhijin *(Resigned on 16 January 2026)*
Ms. Zheng Qing *(Resigned on 16 January 2026)*
Mr. Gu Xiaobin *(Resigned on 16 January 2026)*
Mr. Fang Jian *(Removed on 1 March 2025)*

Non-executive Director:

Mr. Ye Xingming *(Appointed 2 July 2025 and resigned on 23 March 2026)*

Independent Non-executive Directors:

Mr. Lau Jing Yeung William *(Appointed on 16 January 2026)*
Mr. Lu Yuanzhu *(Appointed on 16 January 2026)*
Mr. Tse Man Kit, Keith *(Appointed on 16 January 2026)*
Ms. Jiang Jianhua *(Resigned on 23 March 2026)*
Mr. Jiang Xihe *(Resigned on 16 January 2026)*
Dr. Chan Yau Ching, Bob *(Resigned on 16 January 2026)*
Mr. Nathan Yu Li *(Resigned on 16 January 2026)*

The former independent non-executive Directors, namely, Mr. Jiang Xihe, Ms. Jiang Jianhua, Dr. Chan Yau Ching, Bob and Mr. Nathan Yu Li, has written confirmed his/her independence based on the independence criteria as set out in Rule 3.13 of the Listing Rules. Based on the written confirmations received and, to the best of its knowledge, the Board considers that all former independent non-executive Directors were independent during the Year and until their respective resignation date.

Each of the independent non-executive Directors, namely, Mr. Lau Jing Yeung William, Mr. Lu Yuanzhu and Mr. Tse Man Kit, Keith, has written confirmed his independence based on the independence criteria as set out in Rule 3.13 of the Listing Rules. The Board considers that all independent non-executive Directors are independent accordance with the written confirmations.

The Board received the resignation letter on 23 March 2026 from Ms. Jiang Jianhua ("**Ms. Jiang**") tendering her resignation to the Company in respect of her position as an independent non-executive Director with immediate effect due to significant differences with some current Directors on certain matters. Ms. Jiang did not elaborate on her differences with certain current Directors. However, as far as the Board is aware, she held different views from most of the other Directors in respect of the convention of an extraordinary general meeting for approving the appointment of the Company's auditor in respect of the Company's consolidated financial statements for the year ended 31 December 2025 and the change of auditor. Further details on those matters are set out in the Company's announcements dated 26 February 2026, 12 March 2026 and 31 March 2026 respectively and the Company's circular dated 12 March 2026.

Mr. Ye Xingming, the former Director, has obtained the legal advice regarding Rule 3.09D of the Listing Rules and has confirmed he understood his obligations as a director of the Company on 2 July 2025. Each of Mr. Li Zubin, Mr. Lau Jing Yeung William, Mr. Lu Yuanzhu and Mr. Tse Man Kit, Keith, all being Directors, has obtained the legal advice regarding Rule 3.09D of the Listing Rules and has confirmed he understood his obligations as a director of the Company on 16 January 2026. Each of Ms. Yuan Xiaohong and Mr. Wang Bo, both Directors, has obtained the legal advice regarding Rule 3.09D of the Listing Rules and has confirmed he/she understood his/her obligations as a director of the Company on 31 March 2026.

Pursuant to the article 114 of the Articles of Association, Mr. Li Zubin, Ms. Yuan Xiaohong, Mr. Wang Bo, Mr. Lau Jing Yeung William, Mr. Lu Yuanzhu and Mr. Tse Man Kit, Keith shall retire from office at the annual general meeting of the Company held on 26 June 2026, and being eligible, offer themselves for re-election at that annual general meeting of the Company.

The biographies of the Directors as at the date of this report are set out in the "Biographies of Directors and Senior Management" section on pages 26 to 29 of this annual report.

DETAILS OF THE EMOLUMENTS

Details of the emoluments of the Directors and the five highest paid employees of the Group are set out in the Notes 43 and 9 to the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group employed approximately 8,310 employees (31 December 2024: 8,039 employees). During the Year, labor cost of the Group 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.

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

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

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

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

PENSION SCHEMES

The PRC employees of the Group are covered by various PRC government-sponsored defined-contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for postretirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred and contributions paid to the defined contribution pension plans for a staff are not available to reduce the Group's future obligations to such defined-contribution pension plans. The Group also operates a Mandatory Provident Fund Scheme for all employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. Except for the U.S. employees, the non-PRC employees are covered by other defined-contribution pension plans provided by the government of their respective country of residence, which are not significant.

During the Year, except for the U.S. employees, there were no forfeited contributions (for employees' departure) being used to offset the contributions made for the Year, and as at 31 December 2025, there were no forfeited contributions available to reduce future contributions payable.

Some U.S. employees participate in our defined contribution plans. During the Year, contributions forfeited for employment termination of U.S. employees were applied to offset contributions for the Year, and the forfeited contributions as at 31 December 2025 may also be applied for offsetting contribution payables in the future. Both amounts are not significant.

HUMAN RESOURCES POLICY

The Group has established and implemented a human resources policy that is beneficial to our sustainable development. We consider the code of ethics and professional abilities as important criteria for staff employment and promotion. We practically reinforced staff training and continuous education, built up a rotation and interaction system and developed comprehensive knowledge and skill of professionals so as to constantly improve the quality of staff. We focus on development opportunity of internal staff when appointing and selecting outstanding talents.

We view the continuous training of professional manager team with high level of professionalism, enthusiasm and responsibility as an important mission of our development so as to promote the Group's sustainable development.

In order to protect the interest and benefit of our staff, they participated in the social security system established and administered by government authorities according to the regulations in the PRC. Under the system, the Group has contributed to the social insurance funds (including basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance and maternity insurance) and housing provident fund.

ARRANGEMENTS FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

At no time during the Year was the Company or any of its subsidiaries, holding company or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as the Directors' service agreements and letters of appointment disclosed above, no transactions, arrangements or contracts of significance to which the Company or its subsidiaries was a party and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted as at 31 December 2025 or at any time during the Year.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in the related party transactions in the Note 41 to the consolidated financial statements, there were no other (i) contract of significance between the Company or any of its subsidiaries and a controlling shareholder of the Company or any of its subsidiaries subsisted during the Year or at any time during the Year; and (ii) contract of significance for the provision of services to the Company or any of its subsidiaries by controlling shareholder of the Company or any of its subsidiaries subsisted during the Year or at any time during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Year, none of the Directors has engaged in any business or has any interest that competes or is likely to compete, either directly or indirectly, with the business of the Group.

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

As at 31 December 2025, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

ASSOCIATED CORPORATION

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

Notes:

1 Nanjing High Speed is owned as to approximately 6.98% by Jinhu Shifu Enterprise Management LLP*（金湖釃福企業管理合夥企業（有限合夥））("**Employee Partnership Enterprise**", formerly known as "Shanghai Shifu Enterprise Management LLP*（上海釃福企業管理合夥企業（有限合夥））").

2 The Employee Partnership Enterprise is a limited liability partnership controlled by Jinhu Shiji Enterprise Management Consultancy Co., Ltd.*（金湖釃吉企業管理諮詢有限公司）("**Jinhu Shiji**", formerly known as "Shanghai Shiji Enterprise Management Consultancy Co., Ltd.*（上海釃吉企業管理諮詢有限公司）"), the sole general partner of the Employee Partnership Enterprise. Mr. Hu Yueming is the sole director and sole shareholder of Jinhu Shiji. Hence, Mr. Hu Yueming is deemed to have the sole discretion to exercise 100% of the voting rights of the Employee Partnership Enterprise.

3 The Employee Partnership Enterprise is owned as to approximately 10.56% by Jinhu Jiding Information Consultancy Services LLP*（金湖吉鼎信息諮詢服務合夥企業（有限合夥））("**Jinhu Jiding**", formerly known as "Shouguang Jiding Information Consultancy Services LLP*（壽光吉鼎信息諮詢服務合夥企業（有限合夥））"), as one of the limited partners of the Employee Partnership Enterprise. Mr. Zhou Zhijin is one of the limited partners of Jinhu Jiding and holds approximately 46.70% interest in Jinhu Jiding.

4 The Employee Partnership Enterprise is owned as to approximately 23.58% by Jinhu Dingchuang Information Consultancy Services LLP*（金湖鼎創信息諮詢服務合夥企業（有限合夥））("**Jinhu Dingchuang**", formerly known as "Shouguang Dingchuang Information Consultancy Services LLP*（壽光鼎創信息諮詢服務合夥企業（有限合夥））"), as one of the limited partners of the Employee Partnership Enterprise. Mr. Gu Xiaobin is one of the limited partners of Jinhu Dingchuang and holds approximately 20.92% interest in Jinhu Dingchuang.

5 The Employee Partnership Enterprise is owned as to approximately 15.84% by Jinhu Dingneng Information Consultancy Services LLP*（金湖鼎能信息諮詢服務合夥企業（有限合夥））("**Jinhu Dingneng**", formerly known as "Shouguang Dingneng Information Consultancy Services LLP*（壽光鼎能信息諮詢服務合夥企業（有限合夥））"), as one of the limited partners of the Employee Partnership Enterprise. Mr. Gu Xiaobin is one of the limited partners of Jinhu Dingneng and holds approximately 4.21% interest in Jinhu Dingneng.

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 December 2025.

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

Based on the disclosure of interests filed on the Stock Exchange's website, as at 31 December 2025, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

Name	Nature of interests	Number of ordinary Shares held	Approximate percentages to the issued share capital of the Company (Note 3)
Five Seasons XVI Limited ("**Five Seasons XVI**") *(Note 1)*	Beneficial owner	1,102,410,693 (Long Position)	67.41%
Five Seasons III Limited *(Note 1)*	Beneficial owner	1,000 (Long Position)	0.00% (Note 2)
Five Seasons XXVI Limited *(Note 1)*	Beneficial owner	59,999,000 (Long Position)	3.67%
Fullshare Holdings Limited ("**Fullshare**")	Interest in controlled corporation	1,162,410,693 (Long Position)	71.08%

Notes:

1 Five Seasons XVI, Five Seasons III Limited, Five Seasons XXVI Limited, all of which are incorporated in the British Virgin Islands and wholly-owned by Fullshare. By virtue of the SFO, Fullshare is deemed to be interested in an aggregate of 1,162,410,693 Shares, representing approximately 71.08% of the issued Shares.

2 Figure represent less than 0.01%

3 The approximate percentage has been calculated based on a total of 1,635,291,556 Shares in issue as at 31 December 2025.

Save as disclosed above and so far as the Directors are aware, as at 31 December 2025, there was no other person, other than the Directors or chief executives of the Company, who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

There was no connected transaction (or continuing connected transaction) that should be disclosed pursuant to annual reporting requirement of Chapter 14A of the Listing Rules during the Year.

None of the related party transactions as disclosed in the Note 41 to the consolidated financial statements were subject to the disclosure requirements of connected transactions or continuing connected transactions (as the case may be) of the Company under Chapter 14A of the Listing Rules.

CHANGE OF AUDITOR

Baker Tilly Hong Kong Limited retired as auditor of the Company at the conclusion of the annual general meeting of the Company held on 27 June 2025.

The Company published an announcement on 7 September 2025 in relation to the appointment of HLB Hodgson Impey Cheng Limited ("**HLB Hodgson**") with effect from 6 September 2025 to fill the casual vacancy of the auditor of the Company and to hold the office until the conclusion of the next annual general meeting of the Company. Such appointment was also approved by an independent body of five individuals who were independent from the Board and the Company, in accordance with the Articles of Association.

At the extraordinary general meeting of the Company held on 31 March 2026, HLB Hodgson has been removed as the auditor of the Company while Prism Hong Kong Limited ("**Prism**") has been appointed as the new auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company.

The consolidated financial statements for the year ended 31 December 2025 have been audited by Prism, who shall retire at the conclusion of the forthcoming annual general meeting of the Company. A resolution for the re-appointment of Prism as auditor of the Company will be proposed at the forthcoming adjourned annual general meeting of the Company.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Year.

During the Year, the Company has put in place appropriate insurance cover for each Director in respect of Directors' liability.

MANAGEMENT CONTRACTS

No contract by which a person undertakes the management and administration of the whole or any substantial part of any business of the Company (except for service contracts of Directors or any person engaged in full-time employment of the Company) was entered into or subsisted during the Year.

TAX RELIEF AND EXEMPTION

During the Year, the Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's securities.

Directors' Report

PRE-EMPTION RIGHTS

During the Year, though there are no restrictions on the grant of pre-emption right under the Cayman Laws, the Company did not grant any pre-emption rights in accordance with the Articles of Association.

SUFFICIENT PUBLIC FLOAT

Based on information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained the amount of sufficient public float as required under the Listing Rules throughout the Year and as at the date of this report.

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 Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd., Nanjing Handa Import and Export Trading Co., Ltd. and Nanjing Shengzhuang Supply Chain Co., Ltd. as plaintiffs. The writ was filed against a group of companies and individuals, including 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 Note 40 to the consolidated financial statements (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 Listing Rules 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.

By order of the Board

Li Zubin
Executive Director and CEO

Hong Kong
17 June 2026

* *For identification purpose only*

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The board (the "**Board**") of directors (the "**Director(s)**") of China High Speed Transmission Equipment Group Co., Ltd. (the "**Company**") recognizes the importance of a good corporate governance to a listed company. The Company is committed to achieving high standards of corporate governance in the best interests of the shareholders of the Company. This report is made to describe the practices of corporate governance of the Company and its subsidiaries (the "**Group**") and explain the principles and applications as well as deviation (if any) of the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the year ended 31 December 2025 (the "**Year**").

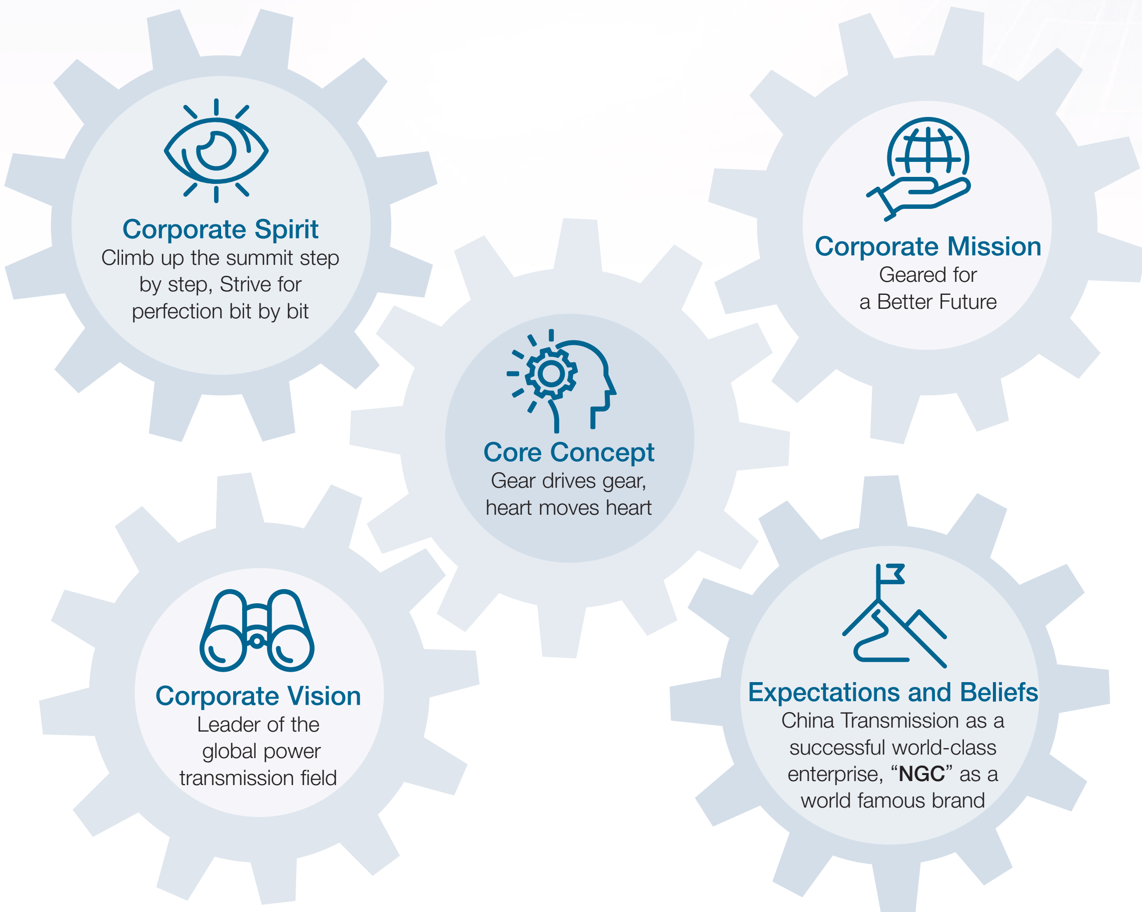
During the Year, the Company has complied with the code provisions set out in the Corporate Governance Code, except for the deviation from code provision C.2.1 which states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

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.

Corporate Governance Report

CORPORATE CULTURE



A positive and healthy corporate culture is crucial for the Group to achieve its vision and mission. After several years of reform and development, the Group's established corporate culture has been further inherited and promoted. The Board and the management lead and shape the corporate culture of the Group, which acts as guiding principles for the Group to act lawfully, ethically and responsibly across all levels of the Group where every customer, employee and various stakeholders can benefit from the value we created together. The desired corporate culture of the Group is developed and practiced in its production operations, corporate governance and relations with stakeholders. During the Year, the Group continued to consolidate its corporate culture framework through various strategic initiatives. For the relevant achievements and details, please refer to the disclosure in the Company's 2025 Environmental, Social and Governance Report (the "**2025 ESG Report**"). The Board and the management implement high standards of corporate governance and establish sound and well-established corporate governance practices to ensure that the Company's vision, values and operating strategies are in line with its corporate culture.

Corporate Governance Report

CORPORATE STRATEGY AND BUSINESS MODEL

The Group has been focusing on the proprietary research and development, design, manufacture and sale of gear transmission products with high technology. Our products are widely applied in various industrial areas, customers of the Company are distributed in a number of equipment manufacturing industries around the world. In future development, the Group will enhance product quality, increase products of different models and strengthen the research and development of new products on the basis of the original gear transmission equipment products, to increase added value to products and to seek diversified developments in the Group's products. At the same time, to coordinate with the Company's subsidiaries in various regions across the world, we will identify the needs of customers and speed up and enhance our communication and contact with customers from all over the world so as to improve our services for them and resolve problems from customers as soon as possible, thus increasing customers' trust and satisfaction to the Group's products and services. We will continue to strengthen our overall corporate competitiveness in view of the Group's strategy of sustainable development.

COMPOSITION, PRACTICES AND INDEPENDENCE OF THE BOARD

The Directors during the Year and up the date of this report were as follows:

Executive Directors:

Mr. Li Zubin *(CEO) (Appointed as Director on 16 January 2026 and appointed as CEO on 31 March 2026)*
Ms. Yuan Xiaohong *(Appointed on 31 March 2026)*
Mr. Wang Bo *(Appointed on 31 March 2026)*
Mr. Hu Jichun *(Chairman and CEO)*
(Resigned as Director and Chairman on 16 January 2026 and removed as CEO on 31 March 2026)
Mr. Hu Yueming *(Resigned on 23 March 2026)*
Mr. Chen Yongdao *(Resigned on 16 January 2026)*
Mr. Zhou Zhijin *(Resigned on 16 January 2026)*
Ms. Zheng Qing *(Resigned on 16 January 2026)*
Mr. Gu Xiaobin *(Resigned on 16 January 2026)*
Mr. Fang Jian *(Removed on 1 March 2025)*

Non-executive Director:

Mr. Ye Xingming *(Appointed 2 July 2025 and resigned on 23 March 2026)*

Independent Non-executive Directors:

Mr. Lau Jing Yeung William *(Appointed on 16 January 2026)*
Mr. Lu Yuanzhu *(Appointed on 16 January 2026)*
Mr. Tse Man Kit, Keith *(Appointed on 16 January 2026)*
Ms. Jiang Jianhua *(Resigned on 23 March 2026)*
Mr. Jiang Xihe *(Resigned on 16 January 2026)*
Dr. Chan Yau Ching, Bob *(Resigned on 16 January 2026)*
Mr. Nathan Yu Li *(Resigned on 16 January 2026)*

The Board collectively takes responsibility to all the shareholders of the Company in respect of managing and supervising the business of the Group so as to achieve the target of enhancing value for the shareholders of the Company.

The Board is responsible for the leadership and management of the Company, and monitoring the business, decision-making and performance of the Group. The management was authorised by the Board the power and responsibility to manage the day-to-day affairs of the Group. The Board specifically delegates the management to deal with major corporate affairs, including submitting interim report, annual report and announcement to the Board for approval before they are issued, the implementation of business strategies and measures adopted by the Board, the implementation of adequate internal control and risk management procedures, as well as the compliance of relevant laws and regulatory requirements, rules and regulations.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities and will conduct annual review on such insurance coverage.

As at 31 December 2025, the Board comprised eleven then Directors, including six executive Directors, one non-executive Director and four independent non-executive Directors. The Board held a total of sixteen meetings during the Year. Each of the then Directors and then members of all committees and their attendance at the meetings were as follows:

	Board	Audit Committee	Remuneration Committee	Nomination Committee	2024 Annual General Meeting
No. of meetings held	16	5	3	3	1
Executive Directors					
Mr. Hu Jichun *(Chairman and CEO)*[2]	16/16			3/3	1/1
Mr. Hu Yueming[3]	16/16				1/1
Mr. Chen Yongdao[1]	16/16		3/3		1/1
Mr. Zhou Zhijin[1]	16/16				1/1
Ms. Zheng Qing[1]	15/16				1/1
Mr. Gu Xiaobin[1]	14/16				1/1
Mr. Fang Jian[6]	1/1				N/A
Non-Executive Director					
Mr. Ye Xingming[4]	8/8				N/A
Independent Non-Executive Directors					
Mr. Jiang Xihe[1]	16/16	5/5	3/3	3/3	1/1
Ms. Jiang Jianhua[3,5]	15/16			2/2	1/1
Dr. Chan Yau Ching, Bob[1]	16/16	5/5	3/3		1/1
Mr. Nathan Yu Li[1]	16/16	5/5		3/3	1/1

1 Resigned as Director on 16 January 2026
2 Resigned as Director and Chairman on 16 January 2026 and removed as CEO on 31 March 2026
3 Resigned as Director on 23 March 2026
4 Appointed as Director on 2 July 2025 and resigned on 23 March 2026
5 Appointed as a member of the nomination committee of the Company (the "**Nomination Committee**") on 27 June 2025 and resigned on 23 March 2026
6 Removed as Director on 1 March 2025

The each of the above executive Directors entered into a service agreement with the Company, and the each of the above non-executive director and independent non-executive Directors entered into a letter of appointment with the Company with a term of three years. All Directors shall be subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company (the "**Articles of Association**"). In any event, such service term can be early terminated subject to the Articles of Association and/or applicable laws or regulations.

Mr. Hu Yueming is the father of Mr. Hu Jichun. Save as disclosed in this annual report, there is no financial, business, family or other major/relevant relationship among the members of the Board.

During the Year, the Company has complied with Rules 3.10 and 3.10A of the Listing Rules that require every board of directors of a listed issuer to include at least three independent non-executive directors representing at least one-third of the board, and at least one of them has appropriate professional qualifications or accounting or financial management expertise.

The former independent non-executive Directors, namely, Mr. Jiang Xihe, Ms. Jiang Jianhua, Dr. Chan Yau Ching, Bob and Mr. Nathan Yu Li, has written confirmed his/her independence based on the independence criteria as set out in Rule 3.13 of the Listing Rules. Based on the written confirmations received and, to the best of its knowledge, the Board considers that all former independent non-executive Directors were independent during the Year and until their respective resignation date.

Each of the independent non-executive Directors, namely, Mr. Lau Jing Yeung William, Mr. Lu Yuanzhu and Mr. Tse Man Kit, Keith, has written confirmed his independence based on the independence criteria as set out in Rule 3.13 of the Listing Rules. The Board considers that all independent non-executive Directors are independent accordance with the written confirmations.

Upon Ms. Jiang Jianhua resigned as independent non-executive Director and ceased to be, among others, a member of the Nomination Committee on 23 March 2026, the Company does not comply with the requirement under Rule 13.92 of the Listing Rules, which stipulates that the board of a listed issuer must have directors of different genders; and the requirement under code provision B.3.5 of the Corporate Governance Code, which stipulates that the listed issuer must appoint at least one director of a different gender to the nomination committee. Following the appointment of Ms. Yuan Xiaohong as the executive Director and a member of the Nomination Committee on 31 March 2026, the Company has complied with the requirements under Rule 13.92 of the Listing Rules and code provision B.3.5 of the Corporate Governance Code.

The Company understands that the independence of the Board is a key to a sound corporate governance. To ensure that independent views and opinions are available to the Board, the majority of members from all Board committees are independent non-executive Directors during the Year. In assessing the suitability of a candidate, the Nomination Committee will review the candidate's biographies (including his/her qualifications and available time) and take into account the composition of the Board, the professional experience and skills of the Directors, the Company's nomination policy and board diversity policy. The Nomination Committee examines annually whether each independent non-executive Directors meet the guidelines for the assessment of independence set out in Rule 3.13 of the Listing Rules, has not been involved in the daily management of the Company or has any financial or other interest or relationship in the Company's business or any circumstance that could materially interfere with the exercise of his/her independent judgment, and ensures receipt of an annual confirmation of independence letter from each independent non-executive Directors. To assist Directors in properly performing their duties, all directors may seek advice from the company secretary or the internal legal team of the Company or from independent professional advisers at the Company's expense. Independent non-executive Directors receive only fixed fee. The Board will review the governance framework and mechanism on a regular basis to ensure their effectiveness.

EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT

Details of the five highest paid individuals of the Group during the Year are set out in the Note 9 to the consolidated financial statements.

BOARD COMMITTEES

In accordance with the requirements of the Listing Rules, the Company has established Board committees in compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

AUDIT COMMITTEE

The Company established the audit committee (the "**Audit Committee**") as approved by the Board on 8 June 2007. As at 31 December 2025, the Audit Committee comprised three then independent non-executive Directors, namely Mr. Jiang Xihe (Chairman), Dr. Chan Yau Ching, Bob and Mr. Nathan Yu Li. As at the date of this report, all of them resigned as Directors and ceased to be members of the Audit Committee. As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Lau Jing Yeung William (Chairman), Mr. Lu Yuanzhu and Mr. Tse Man Kit, Keith.

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

During the Year, the Audit Committee (i) reviewed the annual report for the year ended 31 December 2024 and the interim report for the six months ended 30 June 2025 of the Company and reported the review conclusions to the Board; (ii) reviewed the independence of external auditor; (iii) considered and approved the external auditor's remuneration and letter of engagement for the year ended 31 December 2024; (iv) considered and made recommendation to the Board on the appointment of the new auditor of the Company; and (v) reviewed the internal control review reports, reviewed the appropriateness and effectiveness of the risk management and internal control systems of the Group as well as the internal audit function of the Group and made recommendations to the Board on the improvement of internal control, credit control and risk management of the Group.

The number of the meetings held by the Audit Committee during the Year and the attendance record of each member of the committee are set out in the section entitled "Composition, Practices and Independence of the Board" of this report.

None of the members of the Audit Committee is a former partner of or has any financial interest in the Company's existing external auditors within two years before his appointment as a member of the Audit Committee.

The audited consolidated financial statements for the Year had been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Company established the remuneration committee (the "**Remuneration Committee**") as approved by the Board on 8 June 2007. As at 31 December 2025, the Remuneration Committee comprised Dr. Chan Yau Ching, Bob (Chairman) and Mr. Jiang Xihe, both then independent non-executive Directors, and Mr. Chen Yongdao, the then executive Director. As at the date of this report, all of them resigned as Directors and ceased to be members of the Remuneration Committee. As at the date of this report, the Remuneration Committee comprises Mr. Tse Man Kit, Keith (Chairman) and Mr. Lau Jing Yeung William, both independent non-executive Directors, and Mr. Li Zubin, executive Director.

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

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

The major work performed by the Remuneration Committee during the Year included (among others) reviewing the remuneration package and structure for the Directors and senior management for the year ended 31 December 2025 having considered their performance, the remuneration policy for 2025, the terms of service agreements for the Directors, remuneration package and terms of the letter of appointment for newly appointed Director.

The number of the meetings held by the Remuneration Committee during the Year and the attendance record of each member of the committee are set out in the section entitled "Composition, Practices and Independence of the Board" of this report.

NOMINATION COMMITTEE

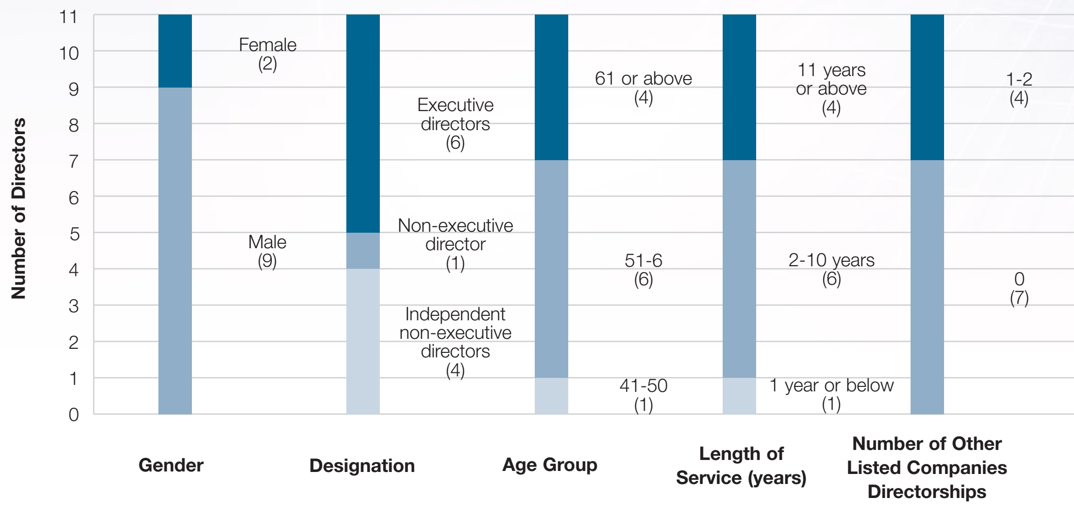
The Company has established the Nomination Committee with effect from 1 April 2012. As at 31 December 2025, the Nomination Committee comprised Mr. Hu Jichun (Chairman), the then executive Director, and Mr. Jiang Xihe, Mr. Nathan Yu Li and Ms. Jiang Jianhua, all of them were then independent non-executive Directors. As at the date of this report, all of them resigned as Directors and ceased to be members of the Nomination Committee. As at the date of this report, the Nomination Committee comprises Mr. Lu Yuanzhu (Chairman) and Mr. Lau Jing Yeung William, both independent non-executive Directors, and Ms. Yuan Xiaohong, executive Director.

The Nomination Committee has established written terms of reference (updated on 27 June 2025), which have been published on the websites of the Company and the Stock Exchange. The primary duties of the Nomination Committee are to evaluate and assess the candidates, the selection criteria and procedure of the members of the Board and senior management and give recommendations, and review the structure, size and composition of the Board at least once annually to implement the Company's corporate strategies.

During the Year, the Nomination Committee reviewed the structure, size, composition of the Board and board diversity policy, made recommendation to the Board in respect of the newly appointed Director, and assessed the independence of each independent non-executive Directors, to ensure that the composition of the Board complies with the Listing Rules and that the Board has skills, experience and diversified background in relation to the strategy, governance and business of the Company.

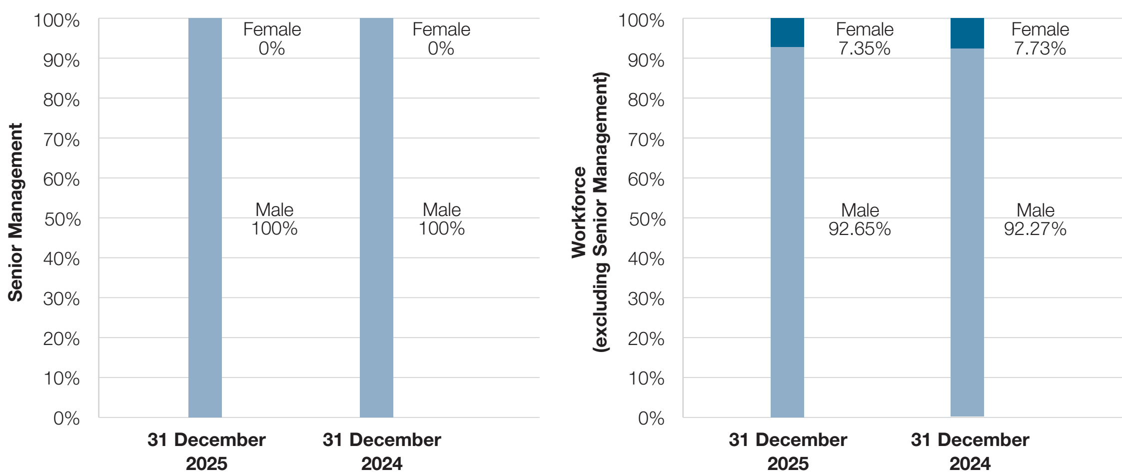
The Company adopted the board diversity policy on 1 September 2013 (updated on 31 October 2024), and strived to select the most appropriate candidates to be appointed as a member of the Board. The selection of suitable candidates for directorship will be based on a range of diversity areas including education background, professional experience, skills, knowledge, and time commitments. Neither the Board nor the Nomination Committee has set any measurable objective implementing the diversity policy, and the Nomination Committee considered an appropriate balance of diversity perspectives of the Board was maintained during the Year. The Board reviewed the implementation and effectiveness of the Company's board diversity policy and considered the Company's board diversity policy as effective during the Year.

The following table shows the diversity of the Board as at 31 December 2025:



The Group regards employee diversity and an inclusive culture as one of the fundamental drivers for the Group's innovation and sustainable development. The Group is committed to fostering a diverse and inclusive working environment in which all employees are valued and can fully fulfil their potential. The Board adopted employee diversity policy during the Year. The employee diversity policy outlines the Group's implementation approach and commitment to diversity and inclusion for all employees (including senior management).

The Company advocates gender equality and has been committed to providing female employees with equal employment opportunities, training resources, salary and benefits and career growth with male employees. The Company did not set measurable targets for the gender ratio of all employees, including senior management. Due to business nature of the Company, the Company plans to increase female representation where appropriate. In order to promote gender diversity among the all employees (including senior management), gender diversity will be taken into account during the staff promotion and recruitment, however, this may be mitigated since individual performance and ability always outweigh the others in a number of factors. The following table shows the gender ratio of (i) senior management and (ii) workforce (excluding senior management) as at 31 December 2025 and 2024:



Appointment of new Directors by the Board is first considered by the Nomination Committee. In considering the appointment of a Director, the Nomination Committee applies criteria such as relevant experience, educational and professional background, reputation for integrity and independence as well as the diversity of the Board as mentioned in the board diversity policy of the Company, including but not limited to gender, age, cultural background, educational background, professional experience, skills, knowledge and length of service. For the retiring Directors to be re-elected at annual general meetings of the Company, other than considering the selection criteria and diversity of the Board as mentioned above, the Nomination Committee will evaluate their overall contribution and service to the Company. The recommendations of the Nomination Committee are then put to the Board for consideration and approval. Thereafter, any Director appointed by the Board is subject to re-election at the first annual general meeting of the Company after their appointment.

The number of the meetings held by the Nomination Committee during the Year and the attendance record of each member of the committee are set out in the section entitled "Composition, Practices and Independence of the Board" of this report.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for the formulation of the Company's corporate governance policies and undertakes the following corporate governance roles:

(i) to develop and review the Group's policies and practices on corporate governance;

(ii) to review and monitor the training and continuous professional development of the Directors and senior management;

(iii) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to all employees and Directors of the Group; and

(v) to review the compliance of the Group with the Corporate Governance Code and disclosure in the corporate governance report.

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 report. 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 report. The Company will continue to ensure compliance with the Model Code.

COMPANY SECRETARY

The company secretary of the Company (the "**Company Secretary**") is responsible for facilitating the procedures of the Board and the communication among Directors, and between Directors and shareholders and the management of the Company.

Mr. Lui Wing Hong, Edward was the then Company Secretary during the Year, and became a joint Company Secretary since 24 January 2026 and resigned on 31 March 2026. He received in aggregate of more than 15 hours of professional trainings to update his skills and knowledge in accordance with Rule 3.29 of the Listing Rules.

Ms. Seto Ying has been appointed as joint Company Secretary on 24 January 2026, and subsequently serves as sole Company Secretary since 31 March 2026.

ONGOING PROFESSIONAL DEVELOPMENT

The Company arranges induction trainings for all new Directors based on their experience and background. These trainings generally include the brief introduction of the Group's structure and business, corporate governance practices and directors' responsibilities under the Listing Rules and the Companies Ordinance, etc. In addition, the Company also encourages all Directors to actively attend relevant training programs at the Company's expenses.

During the Year, the Directors received the updated information and profile on the Group's business and operation, the directors' responsibilities under the regulations and common law, the Listing Rules, the law and other regulatory requirements. During the Year, the Company arranged training sessions and/or provided training materials for Directors and the contents mainly included introduction of directors' responsibilities under the Listing Rules, the introduction to the Corporate Governance Code, compliance of connected transactions and material transactions, and the study of the business practices and ethics of the Company. With effect from April 2012, all Directors shall provide their training records to the Company annually.

The individual training record of each of the then Directors during the Year is set out as follows:

	Readings on updates and materials on business, operation and/or corporate governance affairs	Lectures/seminars on business/director's responsibilities attended or participated
Executive Directors		
Mr. Hu Jichun[1]	✓	✓
Mr. Hu Yueming[2]	✓	✓
Mr. Chen Yongdao[1]	✓	✓
Mr. Zhou Zhijin[1]	✓	✓
Ms. Zheng Qing[1]	✓	✓
Mr. Gu Xiaobin[1]	✓	✓
Mr. Fang Jian[4]	N/A	N/A
Non-executive Director		
Mr. Ye Xingming[3]	✓	✓
Independent Non-Executive Directors		
Mr. Jiang Xihe[1]	✓	✓
Ms. Jiang Jianhua[2]	✓	✓
Dr. Chan Yau Ching, Bob[1]	✓	✓
Mr. Nathan Yu Li[1]	✓	✓

1 Resigned on 16 January 2026
2 Resigned on 23 March 2026
3 Appointed on 2 July 2026 and resigned on 23 March 2026
4 Removed on 1 March 2025

REMUNERATION OF AUDITOR

The audit fee for the Year payable/paid to Prism Hong Kong Limited, the existing external auditor of the Company and HLB Hodgson Impey Cheng Limited, the removed external auditor of the Company, amounted to RMB3,600,000 and RMB1,350,000 respectively and non-audit service fee for the Year paid to HLB Hodgson Impey Cheng Limited, amounted to RMB1,646,000, respectively. The breakdown of the non-audit service fees is as follows:

	RMB'000
Review of interim results	1,380
Disbursements	266
Total	1,646

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL REPORT

All Directors of the Company acknowledge their responsibility for the preparation of the audited consolidated financial statements of the Group. They also ensure the preparation of the audited consolidated financial statements of the Group is in compliance with the relevant laws, regulations and accounting principles on a going concern basis.

Reporting responsibility statement with respect to the financial report of the Group made by the auditor of the Company is set out in the Independent Auditor's Report on pages 62 to 70 in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board takes full responsibility to maintain a sound and efficient risk management and internal control systems for the Group and is obligated to review the validity of the system to protect the shareholders' investment and the Group's assets, which is in the interest of the shareholders. The risk management and internal control systems of the Group targets at management instead of elimination of the risk of failure in achieving our business goals, and it can only make reasonable but not absolute assurance that there would not be material misrepresentation or loss.

In order to achieve the long-term growth and sustainability of the Group's business, the successful management of risks (including risks relating to environment, social and governance) is essential. The Group has established a risk management organizational structure, which consisted of the Board, the Audit Committee and the senior management of the Group. The Board determines the risk nature and degree which shall be borne by the Group for achieving its strategic objective, and the senior management is responsible for the design, implementation and monitoring of risk management and internal control systems. The Board, through the Audit Committee, evaluates and reviews the effectiveness of the relevant systems at least once a year. Such evaluation includes consideration of the adequacy of resources, qualifications and experience of staff, and the adequacy of training courses and relevant budgets for the accounting, internal audit and financial reporting functions as well as the Company's environmental, social and governance performance and reporting.

The main features of the risk management and internal control systems of the Group are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage its risks (including risks relating to environment, social and governance) across business operations.

The Group has formulated and adopted a risk management policy in providing directions in identifying, evaluating and managing significant risks (including risks relating to environment, social and governance). At least on an annual basis, the senior management of the Group identifies risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritizes the identified risks (including risks relating to environment, social and governance) according to a set of standard criteria. Risk mitigation plans and risk person-in-charge are then established for those risks considered to be significant.

The Company has established the internal audit function, and the Group has engaged an independent professional advisor to assist the Board and the Audit Committee in ongoing monitoring of the risk management and internal control systems of the Group, to identify deficiencies in the design and implementation of internal controls and to propose recommendations for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken. An internal control review report is submitted to the Audit Committee and the Board at least twice a year to consider and review the findings and recommendations on the risk management and internal control system of the independent professional advisor.

The Board, through the Audit Committee, has performed an annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the Group's ability to cope with external environment; the scope and quality of management's review on risk management and internal control systems; result of internal audit work; the extent and frequency of communication with the Board in relation to result of risk and internal control review; significant failures or weaknesses identified and their related implications; and status of compliance with the Listing Rules. Subject to the below, the Board considers the Group's risk management and internal control systems were effective and adequate during the Year.

As announced by the Company on 6 February 2025, the Company has commissioned the Independent Investigation into the relevant matters arising from the outstanding trade receivables and prepayments of approximately RMB6.64 billion in aggregate, and is providing full assistance in the investigations of the PRC authorities. The Company, with the assistance of its legal advisors, has been actively exploring and pursuing all necessary and appropriate avenues to remediate the situation, and to safeguard the best interests of the Company and its shareholders. Furthermore, as announced by the Company on 10 June 2026, in response to the auditor's review noting limitations in the report of the Independent Investigation, the Board has endorsed the auditor's recommendations and initiated a follow-up third-party independent investigation after the Reporting Period.

The Company has carried out the following interim enhancements and remedial measures:

(a) Enhanced oversight and control of commodities trading operations: All commodities trading operations have been temporarily suspended for a comprehensive review and rectification of identified stock issues. Increased oversight and stringent measures have been implemented, including rigorous contract, delivery, funds flow, invoicing and accounts receivable controls, along with tightened internal approval procedures to ensure all transactions are properly authorised.

(b) Streamlined cash flow controls and inventory management: The Company has eliminated advance payments and credit terms, adopting a cash-against-documents or cash-against delivery policy to improve cash flow management. Inventory holding periods have also been reduced, with invoicing processes synchronised to improve inventory turnover and to ensure accurate and timely financial reporting.

(c) Infrastructural and managerial changes: Extensive changes have been made to optimise senior management roles, with a focus on ensuring operational efficiency and robust corporate governance. This includes the appointment of new directors and key senior personnel, and reorganisation of company personnel. Mr. Fang Jian, the former Director who was managing the commodities trading business, the EPC Project and the investment in the three limited partnerships mentioned above, had been removed from the Board and the managerial duties of the Company.

(d) Heightened management oversight and compliance: There has been proactive and continued oversight and engagement by senior management in the Ongoing Investigations. The Company and its senior management have meanwhile emphasised to all employees the critical importance of adhering to established systems and controls, and regulatory compliance through a series of internal communications and training sessions.

In order to enhance its internal control environment, the Company will also adopt suitable improvements in the Company's internal control systems, including the following measures, taking into account the Audit Issues identified:

(a) Improved Information Management: Exploring upgrades to the Company's information management systems to ensure secure and efficient access to critical financial data; and considering establishing a centralised document repository to facilitate retrieval of information.

(b) Strengthened Governance and Oversight: Keeping under review the frequency of Audit Committee meetings to provide more rigorous oversight of financial reporting and audit processes; and engaging external advisors to review and provide feedback on the effectiveness of governance practices as necessary.

(c) Enhanced Communication with Auditor: Establishing a more collaborative relationship with the Auditor to ensure timely identification and resolution of potential issues, including more regular meetings with Auditor to discuss ongoing concerns and updates on corrective actions.

(d) Comprehensive Risk Management: Considering ways to strengthen the risk management framework to identify and mitigate financial reporting risks, with regular risk assessments to ensure that potential issues are appropriately addressed.

The Company will continue to keep under review its systems and controls, as well as all matters concerning regulatory compliance, and will implement additional enhancements as necessary to ensure all issues identified in the Independent Investigation, including any areas of concern, weakness or deficiency in its risk management and internal control systems, are thoroughly addressed.

ANTI-CORRUPTION POLICY AND WHISTLE-BLOWING POLICY

The Group upholds a zero-tolerance policy against corruption, bribery and any malpractice and has formulated (i) an anti-corruption policy, which provides a guide to the code of conduct preventing corruption, bribery, fraud and other malpractices and assists the Directors and employees of the Company as well as other stakeholders to identify and deal with events that may involve corruption or unethical business conduct; (ii) a whistle-blowing policy, which supports the employees of the Group (the "**Employees**") as well as third parties having business relations with the Group (the "**Third Parties**") to express their concerns with any misconduct, malpractice or non-compliance related to the affairs of the Group appropriately. The whistle-blowing policy provides formal channels and guidelines for the Employees or the Third Parties (each a whistle-blower) to raise concerns about possible improprieties in any of the affairs of the Group to the Audit Committee confidentially and anonymously.

For further details of the anti-corruption policy and whistle-blowing policy and/or measures of the Group, please refer to the disclosure under "Business Ethics and Anti-Corruption" in the 2025 ESG Report.

HANDLING OF INSIDE INFORMATION

The Group is aware of its obligations under the SFO and the Listing Rules, and the overriding principle that inside information should be announced immediately after such information comes to our attention and/or it is the subject of a decision unless it falls within the safe harbours as provided in the SFO.

The Group conducts its affairs with close regard to the applicable laws and regulations and the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensuring that information contained in announcements or circulars is not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts. The Group has conveyed the implementation of the relevant corporate information disclosure policy to all the relevant personnel and provided relevant training.

CONSTITUTIONAL DOCUMENTS

There was no change to the Company's memorandum and articles of association during the Year.

SHAREHOLDER COMMUNICATION POLICY

The Company's shareholder communication policy is primarily to facilitate communication between the Company and shareholders (both individuals and institutions) and to ensure that shareholders have access to clear, transparent, accurate and timely information to make their investment decisions. The policy sets out different communication channels (including the Company's website, market briefings and shareholders' meetings). The Board reviewed the Company's shareholder communication policy to ensure the best practices for communication with shareholders and reviewed the shareholder and investor engagement and communication activities conducted in 2025, and was satisfied with the implementation and effectiveness of the shareholder communication policy.

SHAREHOLDERS' RIGHTS

General meetings shall be convened on the written requisition of any two or more shareholders of the Company or a member, which is a recognised clearing house member (or its nominee(s)), of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist(s), provided that such requisitionist(s) held as at the time of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company in accordance with Article 79 of the Articles of Association. If the Board does not within 21 days from the date of deposit of the written requisition proceed duly to convene the general meeting, requisitionist(s) or any of them representing over one-half of the total voting rights of all of them, may convene the general meeting in the same manner as that in which general meetings may be convened by the Board.

There are no provisions allowing shareholders to propose new resolutions at general meetings under the Cayman Islands Companies Law or the Articles of Association. Shareholders who wish to propose a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

As regards the procedure of nominating a person by shareholders of the Company for election as a Director, please refer to the "Procedures for a shareholder of the Company to propose a person for election as a Director" available on the website of the Company.

Shareholders of the Company may at any time send their enquiries and questions to the Board in writing through the Company Secretary whose contact details are set out under the "Contact Us" section of the Company's website at www.chste.com, or make enquiries with the Board at the general meetings of the Company.

DIVIDEND POLICY

The Company has formulated a dividend policy (the "**Dividend Policy**"), in which sets out the factors determining the dividend distribution by the Company. The Dividend Policy is to distribute to the shareholders the funds surplus over the operational needs of the Group. Pursuant to the Dividend Policy, the dividends are distributed depending on, among other things, the Company's earnings performance, future funding needs, the interests of the shareholders of the Company as a whole and other factor that the Board considers relevant. The Company regularly reviews the Dividend Policy and submits it to the Board for approval when necessary for amendment.

On behalf of the Board

Li Zubin
Executive Director and CEO

Hong Kong, 17 June 2026

Independent Auditor's Report

Independent auditor's report to the shareholders of
China High Speed Transmission Equipment Group Co., Ltd.
(Incorporated in the Cayman Islands with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of China High Speed Transmission Equipment Group Co., Ltd. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 71 to 160, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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.

BASIS FOR QUALIFIED OPINION *(continued)*

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.

BASIS FOR QUALIFIED OPINION *(continued)*

Financial assets at fair value through profit or loss *(continued)*

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.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed a qualified opinion on those consolidated financial statements on 28 March 2025.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the "Basis for qualified opinion" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair value measurement of financial instruments with significant inputs not based on observable market data (level 3)	
Refer to Note 3.3 (Fair value estimation), Note 4(a) (Critical accounting estimates and judgements – Estimation of fair value of certain financial assets), Note 20 (Financial assets at fair value through other comprehensive income) and Note 21 (Financial assets at fair value through profit or loss) to the consolidated financial statements. As at 31 December 2025, the balances of the Group's financial assets measured at fair value with significant unobservable inputs amounted to approximately RMB4,947,980,000. These unlisted financial instruments were valued with inputs not based on active market prices nor observable market data and were categorised as level 3 in the fair value hierarchy.	We understood and tested management's procedures and key controls over the measurement of fair values of level 3 financial instruments; We evaluated the competence, capabilities and objectivity of the Group's external valuers;

KEY AUDIT MATTERS *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair value measurement of financial instruments with significant inputs not based on observable market data (level 3) *(continued)*	
The fair values of level 3 financial instruments were determined through the application of various valuation techniques. With the assistance from external valuers, management has exercised significant judgements and estimates in identifying the appropriate valuation models and inputs including but not limited to revenue growth rate, operating margins, discount rate, discount for lack of marketability and multiples in relation to share price changes and price-to-book. We have therefore focused on this area.	We evaluated and challenged the valuation models and key inputs adopted by the Group including: • Compared the revenue growth rate and operating margins to the forecast of future profits, historical data, market trend, and evaluated the assumptions adopted by management as appropriate; • Assessed the reasonableness of the discount rate by comparing weighted average cost of capital of comparable companies in the open market; • Evaluated the discount for lack of marketability, share price changes and price-to-book multiples used by comparing with similar types of companies; and • Evaluated the valuation of selected financial instruments by considering alternative valuation methodologies and assessing sensitivities to key inputs. Based on the procedures above, we consider the judgements and estimates made by management in measuring the fair values of the level 3 financial instruments with significant unobservable inputs were supported by available evidence.

KEY AUDIT MATTERS *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of trade receivables at amortised cost	
Refer to Note 3.1(b) (Financial risk management – Credit risk), Note 4(b) (Critical accounting estimates and judgements – Expected credit loss for receivables) and Note 23 (Trade and other receivables) to the consolidated financial statements. As at 31 December 2025, the Group's trade receivables at amortised cost amounted to approximately RMB5,965,124,000 (net of allowance of approximately RMB3,843,009,000). Management applied significant judgements and estimates in assessing the expected credit losses on trade receivables. Trade receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision for loss allowances. Expected credit losses are also estimated by grouping the remaining receivables with similar credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customers and its ageing category. The expected credit loss rates are determined based on historical credit losses experienced from the past 12 to 48 months and are adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables. We focused on this area because significant management judgements and estimates are applied in determining the loss allowance of such balances.	We understood and tested key controls on a sample basis over management's policies, processes and controls over the assessment of recoverability of trade receivables balances and determination of loss allowances; We assessed the appropriateness of the credit loss provisioning methodology used by the Group; For trade receivables assessed individually, we obtained management's assessment on the collectability (both amount and timing) of receivables balances. We corroborated against available evidences, including interviewing sales personnel, examining the correspondences with the relevant customers and inquiring the Group's internal legal counsel as to whether there are any disputes with customers; We challenged management's assumptions used to determine the expected credit losses by considering cash collection performance against historical trends and current and forward-looking information such as the impact of macroeconomic factors on probability of default and loss given default based on our understanding of the industry and with reference to both internal and external data source, and evaluate the historical accuracy of these default data adopted by management; We tested, on a sample basis, whether items in the trade debtor ageing report were classified within the appropriate ageing brackets by comparing individual items in the report with underlying documentation, including sales invoices or equivalent; and We re-performed management's calculation of loss allowances assessment. Based on the procedures above, except for the loss allowances of RMB3,188,981,000 as mentioned in the heading of "Trade receivables, prepayments and related impairment arising from trading business and related party balances" of the "Basis for qualified opinion" paragraph, we consider that the judgements and estimates made by management in respect of the loss allowances of the other trade receivables were supportable by available evidences.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the "Basis for qualified opinion" section above, we were unable to obtain sufficient appropriate evidence about the possible effects arising from certain balances and transactions as at and for the year ended 31 December 2025. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these balances and transactions or other items in the annual report affected by this matter.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

REPORT ON OTHER MATTERS UNDER SECTIONS 407(2) AND 407(3) OF THE HONG KONG COMPANIES ORDINANCE

In respect along of the inability to obtain sufficient appropriate audit evidence regarding certain balances and transactions as described in the "Basis for qualified opinion" section of our report above:

- We were unable to determine whether adequate accounting records had been kept; and

- We have not obtained all the information or explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of the audit.

The engagement partner on the audit resulting in this independent auditor's report is Lee Kwok Lun.

Prism Hong Kong Limited
Certified Public Accountants
Lee Kwok Lun
Practising Certificate Number: P06294
Hong Kong
17 June 2026

Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

	Notes	Year ended 31 December 2025 RMB'000	2024 RMB'000
Revenue from contracts with customers	5	**19,734,338**	22,075,470
Cost of sales		**(15,461,669)**	(18,787,323)
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	3.1(b)	**(422,417)**	(3,421,042)
Other income	6	**307,920**	325,998
Other gains/(losses)– net	7	**(446,424)**	(3,398,432)
Operating profit/(loss)		**1,527,017**	(5,141,118)
Finance income	10	**109,049**	115,496
Finance costs	10	**(363,277)**	(726,262)
Finance costs – net		**(254,228)**	(610,766)
Share of results of associates	18	**(54,921)**	(1,361)
Profit/(loss) before income tax		**1,217,868**	(5,753,245)
Income tax expenses	11	**(283,227)**	(178,283)
Profit/(loss) for the year		**934,641**	(5,931,528)
Profit/(loss) attributable to:			
– Owners of the Company		**211,203**	(6,556,733)
– Non-controlling interests		**723,438**	625,205
		934,641	(5,931,528)
Earnings/(loss) per share (expressed in RMB)			
Basic and diluted earnings/(loss) per share	12	**0.129**	(4.010)

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	Year ended 31 December 2025 RMB'000	2024 RMB'000
Profit/(loss) for the year	**934,641**	(5,931,528)
Other comprehensive (loss)/income for the year:		
Items that may be reclassified subsequently to profit or loss:		
– 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
Items that will not be reclassified to profit or loss:		
– 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)

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	As at 31 December 2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	14	**9,738,725**	10,232,835
Right-of-use assets	15	**731,826**	750,767
Goodwill	16	**26,142**	26,142
Investments in associates	18	**165,015**	209,936
Financial assets at fair value through other comprehensive income ("**FVOCI**")	20	**1,242,962**	1,322,492
Financial assets at fair value through profit or loss ("**FVPL**")	21	**261,030**	423,300
Deferred tax assets	31	**611,746**	557,059
		12,777,446	13,522,531
Current assets			
Inventories	22	**6,526,646**	6,052,537
Trade receivables	23	**5,965,124**	6,159,052
Other receivables	23	**1,206,864**	1,441,015
Prepayments	24	**438,519**	380,470
Financial assets at FVOCI	20	**3,323,219**	3,348,203
Financial assets at FVPL	21	**157,131**	108,141
Income tax recoverable		**45,860**	12,354
Pledged bank deposits	25	**3,143,328**	2,810,765
Cash and cash equivalents	25	**5,643,539**	3,874,219
		26,450,230	24,186,756
Current liabilities			
Trade payables	26	**4,378,757**	4,287,778
Bills payables	26	**5,784,324**	5,084,115
Other payables	26	**1,951,996**	1,816,485
Contract liabilities	28	**1,236,917**	1,613,686
Borrowings	27	**4,822,970**	4,237,783
Deferred income	29	**75,428**	69,533
Income tax payable		**163,658**	134,799
Warranty provision	30	**864,364**	908,794
		19,278,414	18,152,973

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	As at 31 December 2025 RMB'000	2024 RMB'000
Net current assets		**7,171,816**	6,033,783
Total assets less current liabilities		**19,949,262**	19,556,314
Non-current liabilities			
Borrowings	27	**4,523,020**	4,928,562
Deferred income	29	**632,233**	675,359
Warranty provision	30	**1,338,459**	1,260,019
Deferred tax liabilities	31	**110,918**	133,089
		6,604,630	6,997,029
Net assets		**13,344,632**	12,559,285
Capital and reserves			
Share capital	33	**119,218**	119,218
Reserves	34	**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

Approved and authorised for issue by the Board of Directors on 17 June 2026.

Li Zubin
Director

Yuan Xiaohong
Director

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company					
	Share capital RMB'000	Other reserves RMB'000 (Note 34)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	119,218	2,364,362	7,789,730	10,273,310	3,638,914	13,912,224
(Loss)/profit for the year	–	–	(6,556,733)	(6,556,733)	625,205	(5,931,528)
Other comprehensive loss for the year	–	(159,868)	–	(159,868)	(2,396)	(162,264)
Total comprehensive (loss)/income for the year	–	(159,868)	(6,556,733)	(6,716,601)	622,809	(6,093,792)
Dividends to non-controlling shareholders	–	–	–	–	(102,078)	(102,078)
Transfer of fair value reserve upon disposal of equity investment at FVOCI	–	(2,555)	2,555	–	–	–
Acquisition of non-controlling interests in a subsidiary (Note 39)	–	(4,254)	–	(4,254)	(446)	(4,700)
Appropriation to statutory reserve	–	38,782	(38,782)	–	–	–
Release of written put option liability (Note 32)	–	4,847,631	–	4,847,631	–	4,847,631
At 31 December 2024	119,218	7,084,098	1,196,770	8,400,086	4,159,199	12,559,285
At 1 January 2025	**119,218**	**7,084,098**	**1,196,770**	**8,400,086**	**4,159,199**	**12,559,285**
Profit for the year	**–**	**–**	**211,203**	**211,203**	**723,438**	**934,641**
Other comprehensive loss for the year	**–**	**(151,176)**	**–**	**(151,176)**	**(118)**	**(151,294)**
Total comprehensive (loss)/income for the year	**–**	**(151,176)**	**211,203**	**60,027**	**723,320**	**783,347**
Capital contribution from non-controlling interests of subsidiaries	**–**	**–**	**–**	**–**	**2,000**	**2,000**
Appropriation to statutory reserve	**–**	**66,947**	**(66,947)**	**–**	**–**	**–**
At 31 December 2025	**119,218**	**6,999,869**	**1,341,026**	**8,460,113**	**4,884,519**	**13,344,632**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	Year ended 31 December 2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash generated from operations	36	**3,536,168**	30,821
Income tax paid		**(364,663)**	(174,198)
Net cash generated from/(used in) operating activities		**3,171,505**	(143,377)
Cash flows from investing activities			
Placements of pledged bank deposits		**(9,597,907)**	(9,040,177)
Withdrawal of pledged bank deposits		**9,265,344**	9,791,810
Investment in structured bank deposits		**–**	(20,000)
Redemption of structured bank deposits		**–**	20,092
Dividends received from financial assets at FVOCI and FVPL	6	**633**	3,712
Purchases of property, plant and equipment		**(1,096,778)**	(2,068,181)
Purchases of right-of-use assets		**–**	(50,720)
Refund of land lease deposits		**–**	5,890
Proceeds from disposal of property, plant and equipment		**98,268**	103,122
Contribution to an associate	18	**(10,000)**	(15,000)
Interests received		**109,049**	117,252
Receipt of government grants	29	**44,835**	296,371
Loan to a fellow subsidiary	23(c)	**–**	(250,000)
Net cash used in investing activities		**(1,186,556)**	(1,105,829)
Cash flows from financing activities			
Proceeds from bank borrowings		**5,644,595**	6,568,327
Repayment of bank borrowings		**(5,464,949)**	(6,496,568)
Interest paid		**(362,591)**	(486,515)
Dividends paid to non-controlling shareholders		**–**	(102,078)
Capital contributions from non-controlling interests of subsidiaries		**2,000**	–
Net cash used in financing activities		**(180,945)**	(516,834)
Net increase/(decrease) in cash and cash equivalents		**1,804,004**	(1,766,040)
Cash and cash equivalents at beginning of year		**3,874,219**	5,627,891
Exchange gains on cash and cash equivalents		**(34,684)**	12,368
Cash and cash equivalents at end of year	25	**5,643,539**	3,874,219

The accompanying notes are an integral part of the consolidated financial statements.

1 GENERAL INFORMATION

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

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

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

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

2 BASIS OF PREPARATION AND MATERIAL 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.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

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 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

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.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.3 Subsidiaries

2.3.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of changes in equity respectively.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises:

- Fair values of the assets transferred;
- Liabilities incurred to the former shareholders of the acquired business;
- Equity interests issued by the Group;
- Fair value of any asset or liability resulting from a contingent consideration arrangement; and
- Fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.3 Subsidiaries *(continued)*

2.3.1 Consolidation (continued)

Business combinations (continued)

The excess of:

- Consideration transferred;
- Amount of any non-controlling interest in the acquired entity; and
- Acquisition-date fair value of any previous equity interest in the acquired entity,

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss.

2.3.2 Investments in subsidiaries' separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.4 Associates

Associates are all entities over which the Group has significant influence but not control or joint control, which is generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10.

2.5 Changes in the Group's ownership interests in existing subsidiaries and associates

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity shareholders of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.7 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss within "Finance income" or "Finance costs". All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss within "Other gains/(losses) – net".

Translation differences on non-monetary financial assets and liabilities in a foreign currency, such as equities classified as financial assets at FVPL, are recognised in profit or loss as part of the fair value gains or losses. Translation differences on non-monetary financial assets in a foreign currency, such as equities classified as financial assets at FVOCI, are included in other comprehensive income.

(c) Group companies

The results and financial position of all of the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position item presented are translated at the closing rate at the date of that statement of financial position;

- Income and expenses for each statement of profit or loss item are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses items are translated at the dates of the transactions); and

- All resulting exchange differences are recognised in other comprehensive income.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.7 Foreign currency translation *(continued)*

(c) Group companies *(continued)*

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences are recognised in other comprehensive income.

(d) Disposal of foreign operation and partial disposal

On disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences are reclassified to profit or loss.

2.8 Property, plant and equipment

Property, plant and equipment, other than construction in progress, is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.8 Property, plant and equipment *(continued)*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Freehold lands	Nil
Buildings	30-35 years
Leasehold improvements	Over the shorter of the lease term or 3 years
Machinery and equipment	5-10 years
Furniture and fixtures	5 years
Transportation equipment	5 years

Freehold lands are stated at cost less any impairment losses and are not depreciated.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains/(losses) – net" in the consolidated statement of profit or loss.

2.9 Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

Goodwill is not amortised but it is reviewed and tested for impairment annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("**CGUs**"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.10 Impairment of non-financial assets

Goodwill and freehold lands that have an indefinite useful life are not subject to amortisation or depreciation, and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's value-in-use and fair value less costs of disposal. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.11 Investments and other financial assets

2.11.1 Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and

- Those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

2.11.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.11 Investments and other financial assets *(continued)*

2.11.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in "Other income "and "Finance income" using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "Other gains/(losses) – net", together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses or respective reversals, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Foreign exchange gains and losses are presented in "Other gains/(losses) – net", and impairment losses are presented as separate line item in the consolidated statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in profit or loss and presented net within "Other gains/(losses) – net" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as "Other income" when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "Other gains/(losses) – net" in the consolidated statement of profit or loss as applicable.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.11 Investments and other financial assets *(continued)*

2.11.4 Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.11.5 Impairment

The Group assesses on a forward-looking basis the expected credit losses ("**ECL**") associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Other financial assets measured at fair value, including equity and debt securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to ECL assessment.

For financial instruments that have low risk of default at the end of the reporting period, except for receivables related to revenue, the Group assumes that there is no significant increase in credit risk since the initial recognition, on first stage, and measures the loss allowance at an amount equal to 12-month ECL. If there has been a significant increase in credit risk or credit impairment has occurred since the initial recognition of a financial instrument, on second stage, the Group recognises a loss allowance at an amount equal to lifetime ECL. If credit impairment has occurred since the initial recognition of a financial instrument, on third stage, the Group recognises a loss allowance at an amount equal to lifetime ECL.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires lifetime ECL to be recognised from initial recognition of the receivables, see Note 3.1(b) for further details.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Trade receivables, bills receivables and other receivables

Trade receivables, bills receivables and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade receivables, bills receivables and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group holds trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method, less allowance for impairment. See Note 2.11 for further information about the Group's accounting for receivables and for a description of the Group's impairment policies.

2.15 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 Restricted cash

Restricted cash represents guarantee deposits held in a separate reserve account that is pledged to the bank for issuance of trade facilities such as bills payables and bankers' guarantee and as security deposits under bank borrowing agreements. Such restricted cash will be released when the Group repays the related trade facilities or bank loans.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.18 Trade payables, bills payables and other payables

Trade payables, bills payables and other payables represented liabilities for goods and services provided to the Group prior to the end of year which are unpaid. Trade payables, bills payables and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables, bills payables and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current, Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

2.20 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period in which they are incurred.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.20 Borrowing costs *(continued)*

Borrowing costs include interest expense, finance charges in respect of exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings.

2.21 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply at the time when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences and tax losses can be utilised.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.21 Current and deferred income tax *(continued)*

(b) Deferred income tax (continued)

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, would the deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.22 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(b) Pension obligations

The People's Republic of China (the "**PRC**") employees of the Group are covered by various PRC government-sponsored defined-contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred and contributions paid to the defined contribution pension plans for a staff are not available to reduce the Group's future obligations to such defined-contribution pension plans. The non-PRC employees are covered by other defined-contribution pension plans sponsored by the government of their respective country of residence.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.22 Employee benefits *(continued)*

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: when the Group can no longer withdraw the offer of those benefits; and when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.23 Provisions and contingent liabilities

(a) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions for product warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

(b) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.24 Written put option liability

The Group has a written put option over the equity of a subsidiary which permit the holder to put their shares in the subsidiary back to the Group at an agreed price on specified dates over a three-year period. The amount that may become payable under the option on exercise is initially recognised at the present value of the redemption amount within "written put option liability" with a corresponding charge directly to equity within "capital reserves".

The liability is subsequently accreted through finance charges up to the redemption amount that is payable at the date at which the option becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

2.25 Revenue recognition

(a) Revenue from contracts with customers

(i) Sales of gear products and trading of goods

Revenue is recognised when the customer takes possession of and accepts the products. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities.

No element of financing is deemed present as the sales are made with a credit term of 90 days upon delivery, which is consistent with market practice.

The Group provides standard warranty on its gear products and is obliged to repair or replace faulty products under the standard warranty terms, the standard warranty is recognised as a provision in Note 30.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Revenue from other sources

(i) Rental income

Rental income is recognised in the consolidated statement of profit or loss on a straight-line basis over the term of the lease.

(ii) Interest income

Interest income from financial assets at FVPL is included in "Other gains/(losses) – net", see Note 7 below.

Interest income on financial assets at amortised cost calculated using the effective interest rate method is recognised in the consolidated statement of profit or loss as part of "Other income", see Note 6 below.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.25 Revenue recognition *(continued)*

(b) Revenue from other sources (continued)

(ii) Interest income (continued)

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that are subsequently become credit impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowances).

Interest income is presented as "Finance income" where it is earned from financial assets that are held for cash management purposes, see Note 10 for further details.

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised as income of the period in which they become receivable.

Government grants relating to the purchase of property, plant and equipment are included in non current liabilities as deferred income and are recognised in profit or loss on a straight-line basis over the expected lives of the related assets.

2.27 Leases

A lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.27 Leases *(continued)*

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2.28 Research and development costs

All research costs are charged to consolidated statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

2.29 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance under ECL model determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Where guarantees in relation to loans or other payables of associates or joint ventures are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.30 Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities exposed it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States dollars ("**USD**"), Euros ("**EUR**") and Hong Kong dollars ("**HKD**"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities and net investments in foreign operations. Approximately 7% (2024: 5%) of the Group's sales were denominated in currencies other than the functional currency of the operating units making the sale, whilst approximately 1% (2024: 1%) of costs were not denominated in the functional currency. The Group currently does not enter into any hedge under the Group's foreign currency risk strategy, however, the Group monitors foreign exchange exposure and will consider hedging significant exposure should the need arises.

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currencies including financial assets at FVOCI and FVPL, trade and other receivables, cash and cash equivalents, trade and other payables and borrowings at the end of the reporting period are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Assets		
USD	**3,069,299**	1,923,022
EUR	**367,102**	286,359
HKD	**19,956**	35,995
Liabilities		
USD	**36,987**	46,979
EUR	**8,958**	29,922
HKD	**4,862**	311

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) ***Market risk*** *(continued)*

(i) *Foreign exchange risk* *(continued)*

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rates, with all other variables held constant, of the Group's (loss)/profit after income tax (due to changes in the fair value of monetary assets and liabilities). Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded from the analysis. The analysis is performed at the same basis as 2024.

	Increase/ (decrease) in RMB rate %	**Increase/ (decrease) in profit after income tax RMB'000**	**(Decrease)/ increase in equity* RMB'000**
For the year ended 31 December 2025			
If the USD weakens against the RMB	**5%**	**(124,874)**	**–**
If the USD strengthens against the RMB	**(5%)**	**124,874**	**–**
If the EUR weakens against the RMB	**5%**	**(15,145)**	**–**
If the EUR strengthens against the RMB	**(5%)**	**15,145**	**–**
If the HKD weakens against the RMB	**5%**	**(634)**	**–**
If the HKD strengthens against the RMB	**(5%)**	**634**	**–**

	Increase/ (decrease) in RMB rate %	(Increase)/ decrease in loss after income tax RMB'000	(Decrease)/ increase in equity* RMB'000
For the year ended 31 December 2024			
If the USD weakens against the RMB	5%	(76,822)	–
If the USD strengthens against the RMB	(5%)	76,822	–
If the EUR weakens against the RMB	5%	(10,893)	–
If the EUR strengthens against the RMB	(5%)	10,893	–
If the HKD weakens against the RMB	5%	(1,730)	–
If the HKD strengthens against the RMB	(5%)	1,730	–

* Excluding retained earnings

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate borrowings and certain financial assets at amortised cost, at FVPL and at FVOCI. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and borrowings. The Group manages its interest rate exposures by assessing the potential impact arising from any interest movements based on interest rate level and outlook. The Group will review the relative proportions of its fixed rate and floating rate contracts and ensure they are within reasonable range.

As at 31 December 2025, the Group's short-term and long-term interest-bearing borrowings denominated with floating rates amounted to RMB6,271,426 thousands (31 December 2024: RMB5,297,592 thousands). If the interest rates had been 50 basis points higher and all other variables were held constant, the Group's profit after income tax for the year ended 31 December 2025 would have increased by approximately RMB26,654 thousands (2024: loss after income tax increased by approximately RMB22,515 thousands).

(iii) Equity price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The Group's equity price risk is mainly concentrated on equity instruments quoted in the Shanghai Stock Exchange. The Group closely monitors the price risk and will consider hedging the risk exposure should the need arise.

All of the Group's unquoted investments are held for long-term strategic purposes. Their performance is assessed at least bi-annually against performance of similar listed entities, based on the limited information available to the Group, together with an assessment of their relevance to the Group's long-term strategic plans.

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period. If the prices of the respective listed equity instruments had been 10% (2024: 10%) higher/lower, the total comprehensive income for the year ended 31 December 2025 would have increased/decreased by approximately RMB3,636 thousands (2024: total comprehensive loss decreased/increased by approximately RMB4,097 thousands) excluding any tax effect as above, as a result of the changes in fair value of the listed equity instruments.

If the fair value of the respective unlisted equity instruments had been 10% (2024: 10%) higher/lower, the profit and total comprehensive income for the year ended 31 December 2025 would have increased/decreased by approximately RMB26,397 thousands and RMB147,057 thousands (2024: loss and total comprehensive loss decreased/increased by approximately RMB42,999 thousands and RMB171,151 thousands) excluding any tax effect as above respectively, as a result of the changes in fair value of the unlisted equity instruments.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk

(i) Risk management

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.

The Group has concentration of credit risk in respect of bank balances and pledged bank deposits. As at 31 December 2025, approximately 80% (2024: 80%) of the total bank balances and pledged bank deposits were deposited at 6 (2024: 6) banks, with deposits at each bank with a balance exceeding 5% (2024: 6%) of total bank balances and pledged bank deposits.

Other than concentration of the credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group also has concentration of credit risk with exposure limited to certain counterparties and customers. As at 31 December 2025, trade receivables from top one customer and top five customers accounted for approximately 9% and 30% (2024: 12% and 30%) of the Group's trade receivables respectively. Apart from delegating a team for determining the credit limits, credit approval and other monitoring procedures on customers, the Group had also explored new markets and new customers in order to minimise the concentration of credit risk. Other than above, there is no other concentration of credit risk on the Group's trade and bills receivables.

For other receivables and financial guarantee contracts, management makes periodic and collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative forward-looking information that is reasonable and supportive.

3 **FINANCIAL RISK MANAGEMENT** *(continued)*

3.1 **Financial risk factors** *(continued)*

(b) Credit risk *(continued)*

(ii) Impairment of financial assets under ECL model

The Group has five types of financial assets that are subject to the ECL model:

- Bank balances and pledged bank deposits;
- Trade receivables;
- Other receivables;
- Bills receivables carried at FVOCI; and
- Financial guarantee contracts.

Bank balances and pledged bank deposits

The credit risk on liquid funds is limited because the majority of counterparties are banks with high credit ratings assigned by international credit-rating agencies or stated-owned banks with good reputation.

Trade receivables

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

Trade receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for ECL.

For the remaining trade receivables, the Group uses provision matrix to measure the ECL. Trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL rates are determined based on historical credit losses experienced from the past 12 to 48 months and are adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product ("**GDP**"), Producer Price Index ("**PPI**") and Industry Value-added ("**IVA**") in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) ***Credit risk*** *(continued)*

(ii) Impairment of financial assets under ECL model (continued)

Trade receivables *(continued)*

On that basis, the loss allowance as at 31 December 2025 and 2024 was determined as follows for trade receivables:

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Between 3 and 4 years RMB'000	Over 4 years RMB'000	Total RMB'000
As at 31 December 2025						
ECL rate	1%	22%	35%	71%	100%	7%
Gross carrying amount						
– Trade receivables assessed under provision matrix (excluding trade receivables of which 100% loss allowances specifically provided)	5,384,387	686,251	145,599	60,861	140,391	6,417,489
Loss allowances under provision matrix	64,084	153,909	50,946	43,035	140,391	452,365
100% loss allowances specifically provided						
– Customers in trading business referring to Note 40	–	3,072,759	116,222	–	–	3,188,981
– Other business	10,632	–	11,606	–	179,425	201,663
Loss allowances	74,716	3,226,668	178,774	43,035	319,816	3,843,009

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk (continued)

(ii) Impairment of financial assets under ECL model (continued)

Trade receivables *(continued)*

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Between 3 and 4 years RMB'000	Over 4 years RMB'000	Total RMB'000
As at 31 December 2024						
ECL rate	3%	15%	34%	66%	100%	7%
Gross carrying amount						
– Trade receivables assessed under provision matrix (excluding trade receivables of which 100% loss allowances specifically provided)	5,865,066	371,954	159,456	71,181	132,346	6,600,003
Loss allowances under provision matrix	151,373	56,004	54,476	46,752	132,346	440,951
100% loss allowances specifically provided						
– Customers in trading business referring to Note 40	3,072,759	116,222	–	–	–	3,188,981
– Other business	–	11,606	–	–	180,645	192,251
Loss allowances	3,224,132	183,832	54,476	46,752	312,991	3,822,183

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk (continued)

(ii) Impairment of financial assets under ECL model (continued)

Trade receivables *(continued)*

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach:

	Lifetime ECL (non-credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2024	455,716	194,310	650,026
Impairment losses (reversed)/recognised:			
– Customers in trading business referred to Note 40	(10,866)	3,188,981	3,178,115
– Other customers in trading business	53,720	–	53,720
– Other business	(55,799)	–	(55,799)
Amounts written off as uncollectible	(1,820)	(2,059)	(3,879)
As at 31 December 2024 and 1 January 2025	440,951	3,381,232	3,822,183
Impairment losses recognised/(reversed):			
– Other customers in trading business	19,730	853	20,583
– Other business	(8,099)	18,172	10,073
Amounts written off as uncollectible	(217)	(9,613)	(9,830)
As at 31 December 2025	452,365	3,390,644	3,843,009

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk (continued)

(ii) Impairment of financial assets under ECL model (continued)

Other receivables

The Group uses three-stage model for other receivables which reflect their credit risk and how the ECL provision is determined for each of those categories. The Group accounts for its credit risk by providing for 12-month and lifetime ECL on a timely basis. In calculating the ECL rates, the Group considers both historical loss rates and forward-looking macroeconomic data. A summary of the assumptions underpinning the Group's ECL model is as follow:

Category	Group definition of category	Basis for recognition of ECL provision	ECL rate
Stage one	Debtors have a low risk of default and a strong capacity to meet contractual cash flows, or debtors frequently repay after due dates but usually settle in full	12-month ECL	0% – 20%
Stage two	There have been significant increases in credit risk since initial recognition through information developed internally or external sources, or when contractual payments are more than 30 days past due	Lifetime ECL	5% – 50%
Stage three	There is evidence indicating the receivable is credit impaired, or when contractual payments are 90 days past due	Lifetime ECL	50% – 100%

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) ***Credit risk*** *(continued)*

(ii) Impairment of financial assets under ECL model (continued)

Other receivables *(continued)*

The following table shows reconciliation of loss allowances that has been recognised for other receivables:

	12-month ECL	Lifetime ECL (non-credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	1,335	20,175	749,875	771,385
Impairment losses recognised/(reversed)	1,019	(3,995)	247,982	245,006
Amounts written off as uncollectible	–	–	(217)	(217)
As at 31 December 2024 and 1 January 2025	2,354	16,180	997,640	1,016,174
Impairment losses (reversed)/recognised	(3)	(3,474)	3,411	(66)
As at 31 December 2025	2,351	12,706	1,001,051	1,016,108

Bills receivables carried at FVOCI

The Group expects that there is no significant credit risk associated with bills receivables since they are held with state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

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.

3 **FINANCIAL RISK MANAGEMENT** *(continued)*

3.1 **Financial risk factors** *(continued)*

(b) Credit risk *(continued)*

(ii) Impairment of financial assets under ECL model (continued)

Financial guarantee contracts *(continued)*

(i) *(continued)*

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 date 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.

3 **FINANCIAL RISK MANAGEMENT** *(continued)*

3.1 **Financial risk factors** *(continued)*

(b) Credit risk *(continued)*

(ii) Impairment of financial assets under ECL model (continued)

Net impairment losses on financial assets and financial guarantee contracts recognised in profit or loss

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
	RMB'000	RMB'000
Provision for/(reversal of) impairment losses on trade receivables		
– Customers in trading business referring to Note 40	**–**	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

(iii) Financial assets at FVPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVOCI or designated as FVOCI are measured at FVPL.

As at 31 December 2025 and 2024, the Group is also exposed to credit risk in relation to debt investments that are measured at FVPL. The debt investments which are unrated or credit rating below the pre-set levels have to be approved by the investment committee. The management regularly reviews and monitors the portfolio of debt securities.

The maximum exposure at the end of the reporting period is the carrying amount of these investments, which is RMB154,190 thousands (2024: RMB101,454 thousands).

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk

Cash flow forecast is performed by the operating entities of the Group and aggregated by the Group's finance team. The Group's finance team monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations, the renewal of its short-term bank loans and its ability to obtain adequate external financing to support its working capital and meet its debt obligations when they become due.

As at 31 December 2025, the Group held cash and cash equivalents of RMB5,643,539 thousands (2024: RMB3,874,219 thousands) (Note 25) and trade receivables of RMB5,965,124 thousands (2024: RMB6,159,052 thousands) (Note 23) that are expected to readily generate cash inflows for managing liquidity risk.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The table includes both interest and principal cash flows. To the extent that interest flows are floating rates, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Contractual maturities of financial liabilities	Less than 1 year or on demand RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2025					
Non-derivatives					
Borrowings	**4,907,381**	**2,379,490**	**2,310,799**	**226,754**	**9,824,424**
Trade payables	**4,378,757**	**–**	**–**	**–**	**4,378,757**
Bills payables	**5,784,324**	**–**	**–**	**–**	**5,784,324**
Other payables	**773,933**	**–**	**–**	**–**	**773,933**
Financial guarantee contracts	**914,160**	**–**	**–**	**–**	**914,160**
	16,758,555	**2,379,490**	**2,310,799**	**226,754**	**21,675,598**
At 31 December 2024					
Non-derivatives					
Borrowings	4,478,837	2,440,381	2,280,316	653,604	9,853,138
Trade payables	4,287,778	–	–	–	4,287,778
Bills payables	5,084,115	–	–	–	5,084,115
Other payables	1,061,456	–	–	–	1,061,456
Financial guarantee contracts (restated)	851,765	–	–	–	851,765
	15,763,951	2,440,381	2,280,316	653,604	21,138,252

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk (continued)

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of each reporting period.

The amount included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee for loans procured by the purchasers of the Group's properties. Based on the expectations at the end of the reporting period, the Group considers that amount of RMB391,827 thousands (2024: RMB1,928 thousands) will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or debts, redeem the existing debts, or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets.

The gearing ratio as at 31 December 2025 and 2024 are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Total assets	**39,227,676**	37,709,287
Total liabilities	**25,883,044**	25,150,002
Gearing ratio	**66.0%**	66.7%

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation

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

- The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

- The fair value of financial instruments that are not traded in an active market (for example, over the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

- If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

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

Recurring fair value measurements	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2025				
Financial assets				
Financial assets at FVPL	**–**	**–**	**418,161**	**418,161**
Financial assets at FVOCI	**36,362**	**–**	**4,529,819**	**4,566,181**
	36,362	**–**	**4,947,980**	**4,984,342**
At 31 December 2024				
Financial assets				
Financial assets at FVPL	–	–	531,441	531,441
Financial assets at FVOCI	40,973	–	4,629,722	4,670,695
	40,973	–	5,161,163	5,202,136

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

There were no transfers among levels during the years ended 31 December 2025 and 2024.

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

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

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

The following table presents the changes in level 3 items for the years ended 31 December 2025 and 2024:

	Financial assets at FVPL			Financial assets at FVOCI		Financial assets
	Unlisted equity investments RMB'000 *(Note 21)*	Trade receivables RMB'000 *(Note 21)*	Structured bank deposits RMB'000 *(Note 21)*	Unlisted equity investments RMB'000 *(Note 20)*	Bills receivables RMB'000 *(Note 20)*	Total RMB'000
At 1 January 2024	421,184	43,262	–	1,251,452	1,804,904	3,520,802
Acquisitions	–	230,846	20,000	–	21,322,176	21,573,022
Disposals	–	(171,495)	(20,092)	–	(19,770,555)	(19,962,142)
Gains/(losses) recognised in profit or loss	8,803	(1,159)	92	–	–	7,736
Gains/(losses) recognised in other comprehensive income	–	–	–	30,067	(8,322)	21,745
At 31 December 2024	429,987	101,454	–	1,281,519	3,348,203	5,161,163
At 1 January 2025	**429,987**	**101,454**	**–**	**1,281,519**	**3,348,203**	**5,161,163**
Acquisitions	**–**	**939,112**	**–**	**–**	**22,993,071**	**23,932,183**
Disposals	**–**	**(882,243)**	**–**	**–**	**(23,022,571)**	**(23,904,814)**
Losses recognised in profit or loss	**(166,016)**	**(4,133)**	**–**	**–**	**–**	**(170,149)**
(Losses)/gains recognised in other comprehensive income	**–**	**–**	**–**	**(74,919)**	**4,516**	**(70,403)**
At 31 December 2025	**263,971**	**154,190**	**–**	**1,206,600**	**3,323,219**	**4,947,980**

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

(ii) Valuation inputs and relationships to fair value

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

(iii) Sensitivity analysis

The sensitivity analysis has been determined based on the change of rate of return in isolation used in the expected future cash flow that reflect the expected risk level of the financial assets at the end of each of the reporting periods. If the respective rate of return of the respective financial assets had been 10% higher/lower, the total comprehensive income (net of tax) for the year ended 31 December 2025 would have increased/decreased by approximately RMB25,831 thousands (2024: approximately RMB2,330 thousands) as a result of the changes in fair value of the financial assets.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Saved as disclosed in note 2.1 regrating the critical judgement in related to control over a major subsidiary of the Group, the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimation of fair value of certain financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(b) ECL for receivables

The impairment provision for receivables is based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market and customers' conditions as well as forward-looking estimates at the end of each of the reporting period. For details of the key assumptions and inputs used, see Note 2.11 and Note 3.1(b)(ii). Changes in these assumptions and estimates could materially affect the result of the assessment and may be necessary to make additional credit loss to the consolidated statement of profit or loss.

(c) Net realisable value of inventories

The net realisable value is determined based on the estimated selling prices less the estimated costs to completion, if relevant, other costs necessary to make the sale, and the related taxes. Determination of estimated selling prices requires significant management judgement, taking into consideration of historical selling prices and future market trend. If the actual selling prices were to be lower or the costs of completion were to be higher than estimated, the actual allowance for diminution in value of inventories could be higher than the estimate.

(d) Impairments of non-financial assets

The Group assesses whether there are any indicators of impairment of all non-financial assets, including property, plant and equipment, at the end of the reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use.

(e) Useful life and residual value of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. Management reviews the estimated useful lives of the assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets, taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(f) Estimation of provision for warranty claims

The Group generally offers 60-66 months warranties for its mechanical transmission equipment. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior year. Factors that could impact the estimated claim information include the success of the Group's productivity and quality initiatives, as well as parts and labour costs. As at 31 December 2025, this particular provision had a carrying amount of RMB2,202,823 thousands (2024: RMB2,168,813 thousands).

(g) Current and deferred income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the provision for income taxes in various jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(h) Withholding tax arising from the distribution of dividends

The Group's determination as to whether to accrue withholding taxes arising from the distributions of dividends by certain subsidiaries according to the relevant tax rules enacted in the jurisdictions, is subject to judgement on the plan of the distribution of dividends. As at 31 December 2025, the carrying value of deferred tax liabilities relating to withholding tax was approximately RMB49,087 thousands (2024: RMB49,087 thousands).

5 REVENUE AND OPERATING SEGMENT INFORMATION

The Group's operating and reporting segments have been identified on the basis of internal management reports that are regularly reviewed by the Company's Board of Directors, being the chief operating decision maker 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.

5 REVENUE AND OPERATING SEGMENT INFORMATION *(continued)*

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	19,396,844	336,399	–	1,095	19,734,338
Timing of revenue recognition					
At a point in time	19,396,844	336,399	–	1,095	19,734,338
Segment results	2,242,595	68,938	(72,316)	(31,560)	2,207,657
Reconciliation:					
Finance costs – net *(Note 10)*					(254,228)
Dividend income *(Note 6)*					633
Foreign exchange losses, net *(Note 7)*					(48,099)
Net fair value losses on financial assets at FVPL (Note 7)					(170,149)
Share of results of associates					(54,921)
Corporate and other unallocated expenses					(463,025)
Profit before income tax					1,217,868

5 REVENUE AND OPERATING SEGMENT INFORMATION *(continued)*

(a) Segment information *(continued)*

	Wind and industrial gear transmission equipment RMB'000	Rail transportation gear transmission equipment RMB'000	Trading business RMB'000	Others RMB'000	Total RMB'000
Other segment information					
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	719,034	45,591	–	8,280	772,905
As at 31 December 2025					
Segment assets	24,855,520	422,212	260,473	1,312,295	26,850,500
Corporate and other unallocated assets					12,377,176
Total assets					39,227,676
Segment liabilities	14,556,427	104,828	268,413	490,661	15,420,329
Corporate and other unallocated liabilities					10,462,715
Total liabilities					25,883,044

5 REVENUE AND OPERATING SEGMENT INFORMATION *(continued)*

(a) Segment information *(continued)*

	Wind and industrial gear transmission equipment RMB'000	Rail transportation gear transmission equipment RMB'000	Trading business RMB'000	Others RMB'000	Total RMB'000
For the 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)
Reconciliation:					
Finance costs – net *(Note 10)*					(610,766)
Dividend income *(Note 6)*					3,712
Foreign exchange gains, net *(Note 7)*					28,239
Net fair value gains on financial assets at FVPL *(Note 7)*					7,736
Share of results of associates					(1,361)
Corporate and other unallocated expenses					(250,634)
Loss before income tax					(5,753,245)

5 REVENUE AND OPERATING SEGMENT INFORMATION *(continued)*

(a) Segment information *(continued)*

	Wind and industrial gear transmission equipment RMB'000	Rail transportation gear transmission equipment RMB'000	Trading business RMB'000	Others RMB'000	Total RMB'000
Other segment information					
Write-down of inventories	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 losses 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

5 REVENUE AND OPERATING SEGMENT INFORMATION *(continued)*

(b) Geographical information

(i) Revenue from external customers

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
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
	19,734,338	22,075,470

(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
	RMB'000	RMB'000
PRC	**10,205,409**	10,774,695
USA	**152,745**	175,865
Europe	**37,044**	35,793
Other countries	**266,510**	233,327
	10,661,708	11,219,680

(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
	RMB'000	RMB'000
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.

6 OTHER INCOME

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Dividend income from financial assets at FVOCI and FVPL	**633**	3,712
Government grants		
– Deferred income recognised *(Note 29)*	**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
	307,920	325,998

7 OTHER GAINS/(LOSSES) – NET

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
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 *(Note 21(iv))*	**(170,149)**	7,736
(Provision for)/reversal of impairment losses on property, plant and equipment *(Note 14)*	**(226,540)**	6,110
Impairment loss on goodwill *(Note 16)*	**–**	(272)
(Provision for)/reversal of impairment losses on prepayments		
– Prepayments for purchases of bulk commodities *(Note 40)*	**–**	(3,450,531)
– Other prepayments	**(3,017)**	625
	(446,424)	(3,398,432)

8 EXPENSES BY NATURE

	Year ended 31 December 2025 RMB'000	2024 RMB'000
Cost of inventories sold	**13,313,956**	16,733,532
Employee benefit expenses *(Note 9)*	**2,044,074**	2,096,969
Depreciation of property, plant and equipment	**925,108**	740,135
Depreciation of right-of-use assets *(Note 15)*	**19,019**	18,741
Auditor's remuneration		
– Audit services	**4,950**	3,600
– Non-audit services	**1,646**	1,400
Write-down of inventories *(Note 22)*	**204,567**	77,371
Other expenses	**1,133,080**	1,051,364
Total cost of sales, selling and distribution expenses, administrative expenses and research and development costs	**17,646,400**	20,723,112

9 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December 2025 RMB'000	2024 RMB'000
Wages and salaries	**1,507,760**	1,538,353
Pension scheme contributions	**163,389**	164,684
Other benefits	**372,925**	393,932
Total employee benefit expenses	**2,044,074**	2,096,969

(a) Five highest paid individuals

The five highest paid individuals included 4 directors (2024: 5 directors) for the year ended 31 December 2025. The emoluments of the remaining highest paid individual for the year ended 31 December 2025 are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	**2,766**	N/A
Pension scheme contributions	**–**	N/A
	2,766	N/A

9 EMPLOYEE BENEFIT EXPENSES *(continued)*

(a) Five highest paid individuals *(continued)*

The number of highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees 2025	Number of employees 2024
HK$2,500,001 to HK$3,000,000	1	–
	1	–

During the years ended 31 December 2025 and 2024, no emolument was paid by the Group to the directors, chief executive or the highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

10 FINANCE INCOME AND COSTS

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
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 *(Note 32)*	–	(258,000)
	(363,277)	(726,262)
Finance costs – net	(254,228)	(610,766)

11 INCOME TAX EXPENSES

	Year ended 31 December	
	2025 RMB'000	2024 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	(12,150)	(2,803)
	360,016	199,883
Deferred tax	(76,789)	(21,600)
Income tax expenses	283,227	178,283

11 INCOME TAX EXPENSES *(continued)*

A reconciliation between income tax expenses and accounting profit/(loss) at applicable tax rates is as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Profit/(loss) before income tax	**1,217,868**	(5,753,245)
Tax calculated at statutory tax rate of 25%	**304,467**	(1,438,311)
Tax effect of:		
– Lower tax rate enacted by local authority or different tax rates of subsidiaries in other jurisdictions	**(167,842)**	(115,196)
– Share of results of associates	**9,604**	340
– Non-taxable income	**(1,410)**	(2,647)
– Non-deductible expenses	**79,089**	45,738
– Utilisation of previously unrecognised tax losses	**(54,525)**	(51,037)
– Tax losses for which no deferred tax assets were recognised	**50,083**	4,276
– Temporary differences for which no deferred income tax assets were recognised	**97,924**	1,687,638
– Additional deductions on research and development expenses	**(23,196)**	(30,027)
– Over-provision in respect of prior years	**(12,150)**	(2,803)
– Decrease in opening deferred tax assets resulting from a decrease in applicable tax rate	**–**	31,938
– Others	**1,183**	48,374
	283,227	178,283

11 INCOME TAX EXPENSES *(continued)*

(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. ("**NGC Huai'an**")	31 December 2024	31 December 2026
NGC (Baotou) Transmission Equipment Co., Ltd. ("**NGC Baotou**")	31 December 2024	31 December 2026
Nanjing High Speed	31 December 2023	31 December 2025
Nanjing High Speed & Accurate Gear (Group) Co., Ltd. ("**Nanjing High Accurate**")	31 December 2023	31 December 2025
Nanjing High Accurate Rail Transportation Equipment Co., Ltd. ("**Rail Transportation**")	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.

12 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
	RMB'000	RMB'000
Net profit/(loss) attributable to owners of the Company	**211,203**	(6,556,733)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**1,635,291**	1,635,291
Basic earnings/(loss) per share (RMB)	**0.129**	(4.010)

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.

13 DIVIDENDS

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

14 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Leasehold improvements	Machinery and equipment	Furniture and fixtures	Transportation equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024							
Cost	2,798,162	57,777	8,059,012	282,630	809,694	2,547,411	14,554,686
Accumulated depreciation	(647,157)	(34,186)	(4,181,693)	(208,464)	(305,613)	–	(5,377,113)
Impairment losses	–	–	(115,233)	(47)	–	(73,727)	(189,007)
Net book amount	2,151,005	23,591	3,762,086	74,119	504,081	2,473,684	8,988,566
For the year ended 31 December 2024							
Opening net book amount	2,151,005	23,591	3,762,086	74,119	504,081	2,473,684	8,988,566
Transferred from construction in progress	506,684	–	1,555,025	29,251	296,987	(2,387,947)	–
Other additions	46,460	7,676	93,869	6,102	21,217	1,904,102	2,079,426
Depreciation	(120,230)	(7,109)	(503,447)	(12,425)	(106,886)	–	(750,097)
Disposals	(6,074)	–	(75,358)	(395)	(5,824)	(5,810)	(93,461)
Impairment losses (provided)/reversed during the year *(Note 7)*	–	–	(68)	(88)	–	6,266	6,110
Exchange differences	1,360	–	489	189	529	(276)	2,291
Closing net book amount	2,579,205	24,158	4,832,596	96,753	710,104	1,990,019	10,232,835
At 31 December 2024							
Cost	3,331,224	65,453	9,633,298	312,012	1,102,049	2,057,480	16,501,516
Accumulated depreciation	(752,019)	(41,295)	(4,685,401)	(215,124)	(391,945)	–	(6,085,784)
Impairment losses	–	–	(115,301)	(135)	–	(67,461)	(182,897)
Net book amount	2,579,205	24,158	4,832,596	96,753	710,104	1,990,019	10,232,835

14 PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Freehold land and buildings RMB'000	Leasehold improvements RMB'000	Machinery and equipment RMB'000	Furniture and fixtures RMB'000	Transportation equipment RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2025							
Cost	3,331,224	65,453	9,633,298	312,012	1,102,049	2,057,480	16,501,516
Accumulated depreciation	(752,019)	(41,295)	(4,685,401)	(215,124)	(391,945)	–	(6,085,784)
Impairment losses	–	–	(115,301)	(135)	–	(67,461)	(182,897)
Net book amount	2,579,205	24,158	4,832,596	96,753	710,104	1,990,019	10,232,835
For the year ended 31 December 2025							
Opening net book amount	2,579,205	24,158	4,832,596	96,753	710,104	1,990,019	10,232,835
Transferred from construction in progress	120,476	–	1,320,871	12,219	4,689	(1,458,255)	–
Other additions	23,115	6,601	26,113	43,317	325	673,434	772,905
Depreciation	(102,223)	(6,106)	(706,792)	(22,506)	(87,481)	–	(925,108)
Disposals	(22,649)	–	(17,719)	(38,943)	(3,550)	(14,026)	(96,887)
Impairment losses provided during the year *(Note 7)*	–	–	(219,924)	(48)	(793)	(5,775)	(226,540)
Exchange differences	(9,124)	–	(8,019)	(577)	(760)	–	(18,480)
Closing net book amount	2,588,800	24,653	5,227,126	90,215	622,534	1,185,397	9,738,725
At 31 December 2025							
Cost	3,407,632	40,602	10,893,104	340,894	1,100,340	1,258,633	17,041,205
Accumulated depreciation	(818,832)	(15,949)	(5,330,753)	(250,496)	(477,013)	–	(6,893,043)
Impairment losses	–	–	(335,225)	(183)	(793)	(73,236)	(409,437)
Net book amount	2,588,800	24,653	5,227,126	90,215	622,534	1,185,397	9,738,725

The Group is in the process of obtaining property certificates for the buildings above with a carrying amount of RMB370,808 thousands (2024: RMB305,251 thousands) at the end of the reporting period.

The freehold land is located in the USA.

During the year ended 31 December 2025, in view that certain production lines for which the economic performance was lower than expectations, the Group conducted impairment assessment on recoverable amounts of certain property, plant and equipment. The recoverable amounts are estimated individually based on replacement cost basis. Based on the result of the assessment, impairment losses of RMB226,540 thousands were recognised in "Other gains/(losses) – net".

15 RIGHT-OF-USE ASSETS

	Land use rights
	RMB'000
Carrying amount as at 1 January 2024	719,049
Additions	50,720
Depreciation charge for the year	(18,741)
Exchange differences	(261)
Carrying amount as at 31 December 2024 and 1 January 2025	750,767
Depreciation charge for the year	(19,019)
Exchange differences	78
Carrying amount as at 31 December 2025	731,826

The land use rights are located in the PRC and Germany. At 31 December 2025, the Group is in the process of obtaining certain land use rights certificates with a carrying amount of RMB51,669 thousands (2024: RMB53,311 thousands).

16 GOODWILL

	RMB'000
Cost at 1 January 2024, net of accumulated impairment	26,414
Impairment loss provided during the year *(Note 7)*	(272)
Net carrying amount at 31 December 2024	26,142
At 31 December 2024	
Cost	26,414
Accumulated impairment	(272)
Net carrying amount	26,142
Cost at 1 January 2025 and 31 December 2025, net of accumulated impairment	26,142
At 31 December 2025	
Cost	26,414
Accumulated impairment	(272)
Net carrying amount	26,142

16 GOODWILL *(continued)*

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the CGUs as below for impairment testing.

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Lighting Engineering CGU (Note (a))	**–**	–
Wind Gear Transmission Equipment CGU (Note (b))	**26,142**	26,142
	26,142	26,142

Note:

(a) Lighting Engineering CGU

For the year ended 31 December 2024, the recoverable amount of the lighting engineering CGU was determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections was 10% and cash flows beyond the five-year period were extrapolated using a growth rate of 5%, which was the same as the long-term average growth rate of the infrastructure industry. The goodwill attributable to lighting engineering CGU was fully impaired in 2024. No impairment loss was recognised in respect of lighting engineering CGU for the year ended 31 December 2025 (2024: RMB272,000).

(b) Wind Gear Transmission Equipment CGU

The recoverable amount of the wind gear transmission equipment CGU was determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections was 12% (2024: 12%) and cash flows beyond the five-year period were extrapolated using a growth rate of 2% (2024: 2%), which was the same as the long-term average growth rate of the gear products industry. Based on the assessment, no goodwill as at 31 December 2025 and 2024 was impaired and there was sufficient headroom available as at 31 December 2025 and 2024.

Assumptions were used in the value-in-use calculation of the light engineering and wind gear transmission equipment CGU as at 31 December 2025 and 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

- Discount rate – The discount rate used is pre-tax and reflects specific risks relating to the unit.

17 SUBSIDIARIES

Particulars of principal subsidiaries of the Group are as follows:

Name of company	Place and date of incorporation and operation	Paid-up capital	Percentage of equity held by the Group 2025	2024	Principal activities
Nanjing High Accurate@	PRC 16 August 2001	RMB703,800,000	50.02	50.02	Manufacture and sale of gear, gear box and fittings
Nanjing High Speed@^	PRC 8 July 2003	RMB2,150,000,000	50.02	50.02	Manufacture and sale of gear, gear box and fittings
Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd. ("**Nanjing Drive**")*	PRC 27 March 2007	USD375,168,756	100	100	Investment holding, sale of gear box and fittings and trading business
China Transmission Holdings Limited	Hong Kong 7 November 2007	HKD100	100	100	Investment holding and sale of gear box and fittings
Nanjing Handa Import and Export Trading Co., Ltd. ("**Nanjing Handa**")@	PRC 25 April 2012	RMB672,080,000	100	100	Trading business
Rail Transportation@	PRC 20 July 2011	RMB180,000,000	100	100	Manufacture and sale of gear, gear box and fittings
Nanjing Jiuyi Heavy Gearbox Manufacturing Co., Ltd.@	PRC 27 July 2011	RMB250,000,000	50.02	50.02	Manufacture and sale of gear, gear box and fittings
NGC Baotou@	PRC 7 January 2009	RMB760,000,000	50.02	50.02	Manufacture and sale of gear, gear box and fittings
Nanjing Shengzhuang Supply Chain Co., Ltd. ("**Nanjing Shengzhuang**")@	PRC 8 November 2019	RMB1,000,000,000	100	100	Trading business
High Speed Holdings Limited	Hong Kong 21 April 2020	USD100	50.02	50.02	Investment holding and sale of gear box and fittings
Nanjing Gear	PRC 10 September 2021	USD285,475,244	100	100	Investment holding
NGC Huai'an@	PRC 25 May 2023	RMB1,250,000,000	50.02	50.02	Manufacture and sale of gear, gear box and fittings

17 SUBSIDIARIES *(continued)*

* Registered as wholly foreign owned enterprises under PRC law

@ Registered as domestic enterprises under PRC law

^ Nanjing High Speed is directly owned as to 50.02% by Nanjing Gear. In September 2024, Nanjing High Speed effected an amendment (the "**Articles Amendment**") of its articles (the "**NHS Articles**"). As a result of the Articles Amendment, the new NHS Articles states that the board of directors of Nanjing High Speed shall consist of nine directors, among which four directors shall be nominated by Nanjing Gear, while the remaining five directors shall be nominated by the other minority shareholders of Nanjing High Speed. Upon the effective of the Articles Amendment, Nanjing Gear entered into an acting in concert agreement with a shareholder of Nanjing High Speed (the "**Acting In Concert Party**"), which has the right to nominate two directors to the board of Nanjing High Speed. Pursuant to the acting in concert agreement, the Acting In Concert Party irrevocably and unconditionally undertook to Nanjing Gear that it would act in concert with Nanjing Gear with respect to Nanjing High Speed whereby the Acting In Concert Party would vote in the same manner as Nanjing Gear in the board meetings of Nanjing High Speed. On this basis, Nanjing High Speed continues to be a subsidiary of the Group.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

18 INVESTMENTS IN ASSOCIATES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Share of net assets	**158,305**	201,298
Goodwill on acquisition	**6,710**	6,710
Financial guarantee granted to an associate	**–**	34,038
Impairment	**–**	(32,110)
	165,015	209,936

Movements in the investments in associates are as follows:

	Note	**2025** RMB'000	2024 RMB'000
As at 1 January		**209,936**	196,297
Additional investment	(i)	**10,000**	15,000
Share of results for the year		**(54,921)**	(1,361)
As at 31 December		**165,015**	209,936

Note:

(i) During the year ended 31 December 2025, the Group contributed RMB10,000 thousands (2024: RMB15,000 thousands) to its associate.

18 INVESTMENTS IN ASSOCIATES *(continued)*

Principal activities of material associates as at 31 December 2025 and 2024 are as follows:

Name of entity	Place of business/ country of incorporation	Percentage of ownership interest		Principal activity	Measurement method
		2025	2024		
Zhongbang Finance Leasing (Jiangsu) Co., Ltd. ("**Zhongbang Finance Leasing**")	PRC	**30.00**	30.00	Finance leasing	Equity method
Hainan Kaibang Real Estate Development Co., LTD ("**Hainan Kaibang**")	PRC	**33.69**	33.69	Property management	Equity method

Summarised financial information for material associates

Zhongbang Finance Leasing

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Current assets	**132,652**	87,503
Non-current assets	**104,462**	293,770
Current liabilities	**(59,132)**	(107,309)
Net assets	**177,982**	273,964
Percentage of ownership interest	**30.00%**	30.00%
Carrying value of the investment	**53,395**	101,942

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Revenue	**16**	–
Loss for the year	**(95,982)**	(9)
Total comprehensive loss for the year	**(95,982)**	(9)
Dividends declared by the associate	**–**	–

18 INVESTMENTS IN ASSOCIATES *(continued)*

Summarised financial information for material associates *(continued)*

Hainan Kaibang

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Current assets	**159,041**	159,111
Non-current assets	**79,671**	79,658
Current liabilities	**(2,333)**	(1,981)
Net assets	**236,379**	236,788
Percentage of ownership interest	**33.69%**	33.69%
Carrying value of the investment	**79,636**	79,774

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Revenue	**–**	–
Loss for the year	**(409)**	(371)
Total comprehensive loss for the year	**(409)**	(371)
Dividends declared by the associate	**–**	–

Summarised financial information for other associates

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Aggregate carrying value of investments	**31,984**	130,162
Aggregate amounts of the Group's share of:		
– Loss for the year	**(25,988)**	(1,236)
– Total comprehensive loss for the year	**(25,988)**	(1,236)

19 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

		As at 31 December	
		2025	2024
	Notes	**RMB'000**	RMB'000
Financial assets			
Financial assets at amortised cost			
– Trade receivables	23	**5,965,124**	6,159,052
– Other receivables	23	**1,015,878**	989,641
– Pledged bank deposits	25	**3,143,328**	2,810,765
– Cash and cash equivalents	25	**5,643,539**	3,874,219
Financial assets at FVOCI	20	**4,566,181**	4,670,695
Financial assets at FVPL	21	**418,161**	531,441
		20,752,211	19,035,813
Financial liabilities			
Financial liabilities at amortised cost			
Trade, bills and other payables	26	**11,328,841**	10,435,277
Borrowings	27	**9,345,990**	9,166,345
		20,674,831	19,601,622

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3.1. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(i) Classification of financial assets at FVOCI

Financial assets measured at FVOCI comprise:

- Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

- Debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(continued)*

(i) Classification of financial assets at FVOCI *(continued)*

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Non-current assets		
Listed equity investments *(Note (ii)(a))*	**36,362**	40,973
Unlisted equity investments *(Note (ii)(b))*	**1,206,600**	1,281,519
	1,242,962	1,322,492
Current asset		
Debt investments – bills receivables *(Note (iii))*	**3,323,219**	3,348,203
	4,566,181	4,670,695

(ii) Equity investments at FVOCI

(a) Listed equity investments

Listed equity investments comprise the following individual investments:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Riyue Heavy Industry Co., Ltd.	**11,039**	10,040
Sany Renewable Energy Co., Ltd.	**25,323**	30,933
	36,362	40,973

(b) Unlisted equity investments

Unlisted equity investments comprise the following individual investments:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Zhejiang Zheshang Chanrong Equity Investment Fund L.P. (Note)	**1,197,000**	1,269,000
Others	**9,600**	12,519
	1,206,600	1,281,519

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(continued)*

(ii) Equity investments at FVOCI *(continued)*

(b) Unlisted equity investments (continued)

Note:

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

As at 31 December 2025, the investment in Zhejiang Zheshang Chanrong had a fair value of RMB1,197,000 thousands (2024: RMB1,269,000 thousands) and a fair value loss of RMB72,000 thousands (2024: fair value gain of RMB30,000 thousands) was recognised in other comprehensive income for the year ended 31 December 2025. The fair value of Zhejiang Zheshang Chanrong was revalued on 31 December 2025 and 2024 based on market approach performed by the independent professional qualified valuer.

(iii) Debt investments – bills receivables

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

For the year ended 31 December 2025, fair value gain of RMB4,516 thousands (2024: fair value loss of RMB8,322 thousands) for bills receivables measured at FVOCI are recognised in other comprehensive income.

(iv) Transfers of financial assets

The following were the Group's bills receivables accepted by banks in the PRC (the "**Endorsed Bills**") that were endorsed to certain of the Group's suppliers in order to settle the trade payables due to such suppliers. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled.

Bills receivables endorsed to suppliers with full recourse are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Carrying amount of transferred assets	**298,192**	226,993
Carrying amount of associated liabilities	**(298,192)**	(226,993)

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(continued)*

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

For the years ended 31 December 2025 and 2024, the following (losses)/gains were recognised in profit or loss and other comprehensive income:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
(Losses)/gains recognised in other comprehensive income	**(75,014)**	23,736
Dividends from equity investments at FVOCI recognised in profit or loss in other income (Note 6)	**633**	712

(vi) Current assets pledged as securities

Refer to Note 38 for information on current assets pledged as securities by the Group.

(vii) Fair value, impairment and risk exposure

Information about the Group's exposure to equity price risk is provided in Note 3.1(a)(iii).

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

Information about the loss allowance measured on bills receivables classified as debt investments at FVOCI is provided in Note 3.1(b).

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(i) Classification of financial assets at FVPL

The Group classifies the following financial assets at FVPL:

- Debt investments that do not qualify for measurement at either amortised cost (Note 23) or FVOCI (Note 20);
- Equity investments that are held for trading; and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

(i) Classification of financial assets at FVPL *(continued)*

Financial assets measured at FVPL include the following:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Non-current asset		
Unlisted equity investments *(Note (ii))*	**261,030**	423,300
Current assets		
Trade receivables measured at FVPL *(Note (iii))*	**154,190**	101,454
Unlisted equity investments	**2,941**	6,687
	157,131	108,141
	418,161	531,441

(ii) Unlisted equity investments

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

As at 31 December 2025, the investment in Ningbo Nangao Jingchuan, Ningbo Gaona Jingte and Ningbo Gaotai Jingli had a fair value of RMB85,564 thousands, RMB110,646 thousands and RMB64,820 thousands (2024: RMB149,400 thousands, RMB149,400 thousands and RMB124,500 thousands) respectively, and an aggregate fair value loss of RMB162,270 thousands (2024: fair value gain of RMB11,900 thousands) was recognised in profit or loss during the year ended 31 December 2025.

(iii) Trade receivables measured at FVPL

In 2021 and 2022, the Group entered into several agreements with a bank to sell all of its eligible trade receivables under certain customers and all rights, title, interest and benefit the Group has in each such eligible trade receivables on a non-recourse basis without the need for any further action or documentation on the part of the Group or the bank, at a discount calculated based on the base rate and number of days for early payment as specified in the agreements.

As at 31 December 2025, such trade receivables held solely for selling purpose amounting to RMB154,190 thousands (2024: RMB101,454 thousands) were classified as financial assets at FVPL. For the year ended 31 December 2025, fair value losses of RMB4,133 thousands (2024: RMB1,159 thousands) for trade receivables measured at FVPL are recognised in "Other gains/(losses) – net".

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

(iv) Amounts recognised in profit or loss

For the years ended 31 December 2025 and 2024, the following (losses)/gains were recognised in profit or loss:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Fair value (losses)/gains on equity investments at FVPL recognised in other (losses)/gains – net *(Note 7)*	**(166,016)**	8,803
Fair value losses on debt investments at FVPL recognised in other (losses)/gains – net *(Note 7)*	**(4,133)**	(1,067)
	(170,149)	7,736
Dividend from equity investments at FVPL recognised in other income *(Note 6)*	**–**	3,000

(v) Fair value measurements and exposure

Information about the fair value measurement is set out in Note 3.3.

22 INVENTORIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Raw materials	**590,039**	777,792
Work in progress	**3,262,382**	2,730,087
Finished goods	**2,674,225**	2,544,658
	6,526,646	6,052,537

During the year ended 31 December 2025, the cost of inventories recognised as expense amounted to RMB15,257,102 thousands (2024: RMB18,709,952 thousands) which was included in "cost of sales".

During the year ended 31 December 2025, write-down of inventories to net realisable value amounted to RMB204,567 thousands (2024: RMB77,371 thousands) which was recognised and included in "cost of sales".

23 TRADE AND OTHER RECEIVABLES

	Notes	As at 31 December 2025 RMB'000	2024 RMB'000
Trade receivables	(a)		
– Customers in trading business referred to Note 40		**3,188,981**	3,188,981
– Other customers in trading business		**250,450**	250,479
– Other business		**6,368,702**	6,541,775
Less: Loss allowances			
– Customers in trading business referred to Note 40		**(3,188,981)**	(3,188,981)
– Other customers in trading business		**(76,959)**	(56,375)
– Other business		**(577,069)**	(576,827)
		5,965,124	6,159,052
Other receivables			
– Value-added tax recoverable		**190,986**	451,374
– Loans to third parties		**317,838**	317,838
– Redemption receivable from an insurance company	(b)	**612,600**	612,600
– Consideration receivable	(c)	**250,000**	250,000
– Amounts due from associates		**45,951**	45,951
– Amounts due from former subsidiaries		**516,046**	516,284
– Amounts due from third parties		**289,551**	263,142
		2,222,972	2,457,189
Less: Loss allowances		**(1,016,108)**	(1,016,174)
		1,206,864	1,441,015
		7,171,988	7,600,067

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

Note:

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

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

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

23 TRADE AND OTHER RECEIVABLES *(continued)*

Note: (continued)

(c) On 18 March 2024, Nanjing Handa entered into a loan agreement, pursuant to which RMB250,000,000 was lent to a fellow subsidiary of the Group at an interest at 3% per annum with a term of 5 year.

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

On 30 December 2025, Nanjing Handa and the Purchaser entered into a supplemental agreement (the "**Supplemental Agreement**") to amend and supplement certain terms of the Loan Assignment. Under the Supplemental Agreement, the Purchaser was required to pay a RMB10,000,000 down payment within 10 working days. Following the timely receipt of the RMB10,000,000 down payment, the Supplemental Agreement became effective. Consequently, the deadline for the remaining consideration was extended by two years to 26 June 2027, and a fund usage fee at 3% simple interest per annum on the remaining balance of RMB240,000,000 will accrue from 18 March 2025 until full payment, payable in full on the final payment date.

The management considered that there was no significant increase in credit risk and the risk of default was insignificant. Accordingly, no provision for impairment was made in the consolidated financial statements for the year ended 31 December 2025.

(i) Fair values of trade and other receivables

Due to the short-term nature of the trade and other receivables, their carrying amount are considered to be the same as their fair value.

(ii) Impairment and risk exposure

The Group applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables. Note 3.1(b) provides details about the calculation of the loss allowances.

Information about the Group's exposure to financial risk factors of trade and other receivables are disclosed in Note 3.1.

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
	5,965,124	6,159,052

24 PREPAYMENTS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Prepayments		
– Prepayments for purchases of bulk commodities *(Note 40)*	**3,450,531**	3,450,531
– Prepayment for an engineering, procurement and construction project (the "**EPC project**") *(Note (a))*	**297,212**	297,212
– Other prepayments	**199,655**	138,589
Less: Impairment provision		
– Prepayments for purchases of bulk commodities *(Note 40)*	**(3,450,531)**	(3,450,531)
– Other prepayments	**(58,348)**	(55,331)
	438,519	380,470

Note:

(a) Nanjing Drive acted as the main contractor of an EPC project since prior years and subcontracted the project works 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.

25 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Cash at banks and on hand	**8,786,867**	6,684,984
Less: Pledged bank deposits	**(3,143,328)**	(2,810,765)
Cash and cash equivalents	**5,643,539**	3,874,219

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

26 TRADE, BILLS AND OTHER PAYABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade payables		
– Amounts due to third parties	**4,378,739**	4,287,760
– Amount due to an associate	**18**	18
	4,378,757	4,287,778
Bills payables	**5,784,324**	5,084,115
	10,163,081	9,371,893
Other payables		
– Accruals	**456,090**	389,383
– Other tax payables	**32,694**	91,983
– Purchase of property, plant and equipment	**232,805**	556,678
– Payroll and welfare payables	**297,452**	271,735
– Financial guarantee liabilities	**391,827**	1,928
– Amount due to an associate	**–**	15,000
– Amounts due to third parties	**541,128**	489,778
	1,951,996	1,816,485
	12,115,077	11,188,378

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
	10,163,081	9,371,893

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.

27 BORROWINGS

	As at 31 December			
	2025		2024	
	Effective interest rate %	RMB'000	Effective interest rate %	RMB'000
Current				
Bank loans – Unsecured	2.24-3.60	4,379,964	2.75-4.50	3,468,569
Bank loans – Secured	2.35-3.35	443,006	3.18-4.63	769,214
		4,822,970		4,237,783
Non-current				
Bank loans – Unsecured	2.24-3.20	658,099	2.93-3.60	1,848,892
Bank loans – Secured	2.35-3.35	3,864,921	3.54-4.63	3,079,670
		4,523,020		4,928,562
		9,345,990		9,166,345

Bank and other borrowings are repayable as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within one year	4,822,970	4,237,783
Between one and two years	2,287,620	2,213,814
Between two and five years	2,087,453	2,076,768
Over five years	147,947	637,980
	9,345,990	9,166,345

The exposure of the Group's fixed-rate borrowings are as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Fixed-rate borrowings	3,074,564	3,868,753

All the Group's borrowings were denominated in RMB as at 31 December 2025 and 2024.

The secured borrowings were secured by pledge of assets, details of which are set out in Note 38. In addition, as at 31 December 2025 and 2024, the secured non-current bank loans were secured by the Group's 100% equity interests in NGC Huai'an.

28 CONTRACT LIABILITIES

It represented deposits received in advance for made-to-order manufacturing arrangement on acceptance of manufacturing orders and the EPC project (Note 24(a)). The sum of deposits received are based on negotiation on a case by case basis with customers.

Amount of RMB816,998 thousands (2024: RMB1,055,739 thousands) was recognised as revenue during the year ended 31 December 2025, which was included in contract liabilities at the beginning of the year.

29 DEFERRED INCOME

	2025 **RMB'000**	2024 RMB'000
At 1 January	**744,892**	518,089
Government grants received during the year	**44,835**	296,371
Recognised in profit or loss *(Note 6)*	**(82,066)**	(69,568)
At 31 December	**707,661**	744,892
Represented		
– Current portion	**75,428**	69,533
– Non-current portion	**632,233**	675,359
	707,661	744,892

As at the end of the reporting period, the amount represented the grants received from the PRC government for the Group's acquisition of assets for technology development, and such amount will be released to income over the useful lives of the relevant assets.

30 WARRANTY PROVISION

	2025 **RMB'000**	2024 RMB'000
At 1 January	**2,168,813**	2,268,949
Additional provision recognised during the year	**527,237**	500,010
Amounts utilised during the year	**(493,227)**	(600,146)
At 31 December	**2,202,823**	2,168,813
Represented		
– Current portion	**864,364**	908,794
– Non-current portion	**1,338,459**	1,260,019
	2,202,823	2,168,813

At the end of the reporting period, the amount represents the directors' best estimate of the expected cost that will be required under the Group's obligations for warranties under sale of goods. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

31 DEFERRED INCOME TAX

The following are the deferred tax assets/(liabilities) recognised and movements thereon during the current and prior years:

Deferred income tax assets	Impairment of receivables	Write-down of inventories	Fair value changes on financial assets at FVOCI	Provisions	Deferred income	Unwinding discount on put option upon partial disposal of a subsidiary	Unrealised profits on intra-group transactions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	66,586	34,267	197,055	344,083	23,573	118,044	66,714	55,172	905,494
(Charged)/credited to profit or loss	(47,413)	27,516	–	21,252	(1,883)	64,500	(35,915)	(278)	27,779
(Charged)/credited to other comprehensive income	–	–	(193,670)	–	–	–	–	–	(193,670)
Release of written put option liability *(Note 32)*	–	–	–	–	–	(182,544)	–	–	(182,544)
At 31 December 2024 and 1 January 2025	19,173	61,783	3,385	365,335	21,690	–	30,799	54,894	557,059
Credited to profit or loss	4,953	4,490	–	16,103	667	–	18,346	10,059	54,618
Credited to other comprehensive income	–	–	69	–	–	–	–	–	69
At 31 December 2025	24,126	66,273	3,454	381,438	22,357	–	49,145	64,953	611,746

Deferred income tax liabilities	Changes in fair value of identified assets upon acquisition of subsidiaries	Withholding taxes	Fair value changes on financial assets at FVPL	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	(16,037)	(49,087)	(17,850)	(43,936)	(126,910)
Credited/(charged) to profit or loss	826	–	(2,975)	(4,030)	(6,179)
At 31 December 2024 and 1 January 2025	(15,211)	(49,087)	(20,825)	(47,966)	(133,089)
Credited to profit or loss	826	–	20,825	520	22,171
At 31 December 2025	(14,385)	(49,087)	–	(47,446)	(110,918)

31 DEFERRED INCOME TAX *(continued)*

Deferred tax assets not recognized

As at 31 December 2025, the Group has unused tax losses of RMB666,835 thousands (2024: RMB485,689 thousands) available for offset against future profits, no deferred tax asset has been recognised due to the unpredictability of future profit streams. The unused tax losses arising in the PRC can be carried forward up to five years from the year in which the loss was originated to offset future taxable profits. The unused tax losses arising in Hong Kong and other countries may be carried forward indefinitely.

As at 31 December 2025, no deferred tax asset has been recognised in relation to deductible temporary differences of RMB7,894,517 thousands (2024: RMB7,918,657 thousands) as it is not probable that future taxable profit will be available against which the deductible temporary differences can be utilized

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on the dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group is therefore liable to 5% withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of their earnings generated from 1 January 2008. The aggregate amount of temporary differences associated with unremitted earnings of RMB4,504,992 thousands (2024: RMB3,338,886 thousands) of investments in subsidiaries in the PRC for which deferred tax liabilities have not been recognised amounted to approximately RMB225,250 thousands (2024: RMB166,944 thousands) as at 31 December 2025, in the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

32 WRITTEN PUT OPTION LIABILITY

On 30 March 2021, Nanjing Gear and Nanjing High Speed entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with Shanghai Wensheng Asset Management Co., Ltd., an independent third party, to dispose 43% of the equity interests of Nanjing High Speed at a consideration of RMB4,300,000 thousands (the "**Disposal**"). The Disposal has been completed on 4 March 2022.

As part of the Equity Transfer Agreement, Nanjing Gear grants a put option to the transferee, at which the transferee could request Nanjing Gear to repurchase all of the equity interest of Nanjing High Speed acquired by the transferee during the 3 years from the completion date of the Disposal under certain conditions, at the transferee's discretion, at an exercise price of RMB4,300,000 thousands plus 6% interest per annum.

The fair value of the written put option liability at grant date is measured at the present value of the exercise price of RMB4,300,000 thousands plus 6% interest per annum, by applying a discount rate of 6%, and on the assumption that the put option will be redeemable in 3 years.

During the year ended 31 December 2024, since the specified events which would trigger the exercise of the put option by the transferee did not occur, the put option was lapsed, and the written put option liability was released to the capital reserve (Note 34).

32 WRITTEN PUT OPTION LIABILITY *(continued)*

The movement of written put option liability during the period is as follows:

	RMB'000
At 1 January 2024	4,772,175
Unwinding of discount *(Note 10)*	258,000
Release of written put option liability	(5,030,175)
At 31 December 2024, 1 January 2025 and 31 December 2025	–

33 SHARE CAPITAL

	Number of ordinary shares '000	Equivalent nominal value of ordinary shares RMB'000
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	1,635,291	119,218

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The par value of ordinary shares is USD0.01 each.

34 RESERVES

	Share premium RMB'000	Deemed capital contribution reserve RMB'000	Statutory surplus reserve RMB'000	Capital reserve RMB'000	Fair value reserve of financial assets at FVOCI RMB'000	Share-based payment reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Total in other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2024	3,705,495	77,651	1,528,066	(2,809,671)	(646,465)	547,674	(90,723)	52,335	2,364,362	7,789,730	10,154,092
Loss for the year	–	–	–	–	–	–	–	–	–	(6,556,733)	(6,556,733)
Other comprehensive (loss)/income for the year:											
– Changes in fair value of financial assets at FVOCI, net of tax	–	–	–	–	(167,538)	–	–	–	(167,538)	–	(167,538)
– Exchange differences	–	–	–	–	–	–	7,670	–	7,670	–	7,670
Total comprehensive (loss)/income for the year	–	–	–	–	(167,538)	–	7,670	–	(159,868)	(6,556,733)	(6,716,601)
Transfer of fair value reserve upon disposal of equity investment at FVOCI	–	–	–	–	(2,555)	–	–	–	(2,555)	2,555	–
Acquisition of non-controlling interests in a subsidiary *(Note 39)*	–	–	–	(4,254)	–	–	–	–	(4,254)	–	(4,254)
Appropriation to statutory reserve	–	–	38,782	–	–	–	–	–	38,782	(38,782)	–
Release of written put option liability *(Note 32)*	–	–	–	4,847,631	–	–	–	–	4,847,631	–	4,847,631
Balance at 31 December 2024	3,705,495	77,651	1,566,848	2,033,706	(816,558)	547,674	(83,053)	52,335	7,084,098	1,196,770	8,280,868

	Share premium RMB'000	Deemed capital contribution reserve RMB'000	Statutory surplus reserve RMB'000	Capital reserve RMB'000	Fair value reserve of financial assets at FVOCI RMB'000	Share-based payment reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Total in other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2025	3,705,495	77,651	1,566,848	2,033,706	(816,558)	547,674	(83,053)	52,335	7,084,098	1,196,770	8,280,868
Loss for the year	–	–	–	–	–	–	–	–	–	211,203	211,203
Other comprehensive loss for the year:											
– Changes in fair value of financial assets at FVOCI, net of tax	–	–	–	–	(74,827)	–	–	–	(74,827)	–	(74,827)
– Exchange differences	–	–	–	–	–	–	(76,349)	–	(76,349)	–	(76,349)
Total comprehensive (loss)/income for the year	–	–	–	–	(74,827)	–	(76,349)	–	(151,176)	211,203	60,027
Appropriation to statutory reserve	–	–	66,947	–	–	–	–	–	66,947	(66,947)	–
Balance at 31 December 2025	3,705,495	77,651	1,633,795	2,033,706	(891,385)	547,674	(159,402)	52,335	6,999,869	1,341,026	8,340,895

The amounts of the Group's reserves and the movements therein for the current and prior year are presented in the consolidated statement of changes in equity on page 75 of the consolidated financial statements.

34 RESERVES *(continued)*

(a) Share premium

The share premium represents the excess of the proceeds received upon issuance and allotment of the Company's shares over their nominal values.

(b) Deemed capital contribution reserve

The deemed capital contribution reserve arose from a deemed capital contribution from shareholders in 2006.

(c) Statutory surplus reserve

In accordance with the PRC Company Law and the PRC subsidiaries' Articles of Association, a subsidiary registered in the PRC as a domestic company is required to appropriate 10% of its annual statutory net profit as determined in accordance with relevant statutory rules and regulations applicable to enterprises established in the PRC (after offsetting any prior years' losses) to the statutory surplus reserve. When the balance of such reserve fund reaches 50% of the entity's capital, any further appropriation is optional. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital. However, such balance of the statutory surplus reserve must be maintained at a minimum of 25% of the capital after such usages.

(d) Capital reserve

The capital reserve represents (i) the difference between the consideration given and the proportionate share of the carrying amount of net assets of subsidiaries attributable to non-controlling interests upon acquisition of additional interests in subsidiaries, (ii) the difference between the consideration received and the proportionate share of the carrying amount of net assets of subsidiaries attributable to non controlling interests upon disposal/deemed disposal of partial interests in subsidiaries without loss of control, and (iii) the initial recognition and subsequent derecognition of written put option liability.

(e) Fair value reserve of financial assets at FVOCI

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income (see Note 20). These changes are accumulated in the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

The Group also has certain debt investments measured at FVOCI (see Note 20). For these investments, changes in fair value are accumulated in the FVOCI reserve within equity. The accumulated changes in fair value are transferred to profit or loss when the investment is derecognised or impaired.

(f) Share-based payment reserve

It represented the difference between the consideration given for the capital increase to Nanjing High Speed in 2020 by certain of the core employees of the Group in exchange of 6.98% equity interests of Nanjing High Speed and the corresponding fair value of Nanjing High Speed.

(g) Exchange reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in Note 2.7 and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

34 RESERVES *(continued)*

(h) Other reserve

Other reserve represents the net assets of Nanjing High Accurate, which was contributed to the Group by the founding shareholders of Nanjing High Accurate when the founding shareholders obtained control of Nanjing High Accurate as well as the subsequent acquisition of additional equity interest in Nanjing High Accurate and contributed to the Group by the founding shareholders of Nanjing High Accurate.

35 SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2025 **RMB'000**	2024 RMB'000
Percentage of equity interest held by non-controlling interests:		
Nanjing High Speed	**49.98%**	49.98%
Accumulated balances of non-controlling interests at the end of the reporting period:		
Nanjing High Speed	**4,835,329**	4,150,295
Total comprehensive income for the year allocated to non-controlling interests:		
Nanjing High Speed	**684,961**	622,940

The following table illustrates the summarised financial information of the above subsidiary.

	Nanjing High Speed	
	2025 **RMB'000**	2024 RMB'000
Revenue	**19,396,844**	17,266,673
Total expenses	**(17,250,673)**	(15,945,596)
Profit for the year	**1,447,559**	1,251,253
Total comprehensive income for the year	**1,370,470**	1,246,162
Net cash flows generated from operating activities	**2,733,717**	1,188,885
Net cash flows used in investing activities	**(975,212)**	(785,572)
Net cash flows used in financing activities	**(207,137)**	(514,148)
Net increase/(decrease) in cash and cash equivalents	**1,551,368**	(110,835)
Current assets	**23,224,679**	20,957,389
Non-current assets	**11,036,766**	11,469,262
Current liabilities	**17,958,660**	18,383,131
Non-current liabilities	**6,625,626**	5,739,067

36 CASH FLOW INFORMATION

(a) Cash generated from operations

Reconciliation of profit/(loss) before income tax to cash generated from operations:

	Notes	Year ended 31 December 2025 RMB'000	2024 RMB'000
Profit/(loss) before income tax		**1,217,868**	(5,753,245)
Adjustments for:			
– Finance costs	10	**363,277**	726,262
– Finance income	10	**(109,049)**	(115,496)
– Dividend income	6	**(633)**	(3,712)
– Share of results of associates	18	**54,921**	1,361
– Gains on disposal of property, plant and equipment, net	7	**(1,381)**	(9,661)
– Net fair value losses/(gains) on financial assets at FVPL	7	**170,149**	(7,736)
– Depreciation of property, plant and equipment	14	**925,108**	750,097
– Depreciation of right-of-use assets	15	**19,019**	18,741
– Provision for/(reversal of) impairment losses on property, plant and equipment	7	**226,540**	(6,110)
– Impairment loss on goodwill	7	**–**	272
– Write-down of inventories	8	**204,567**	77,371
– Impairment losses recognised on trade receivables	3.1(b)	**30,656**	3,176,036
– Impairment losses (reversed)/recognised on other receivables	3.1(b)	**(66)**	245,006
– Impairment losses on prepayments	7	**3,017**	3,449,906
– Impairment losses on financial guarantee contracts	3.1(b)	**391,827**	–
– Unrealised exchange gains, net		**(23,264)**	(12,370)
– Deferred income on financial guarantee		**(1,928)**	(744)
– Amortisation of deferred income	6	**(82,066)**	(69,568)
Operating profit before changes in working capital		**3,388,562**	2,466,410

36 CASH FLOW INFORMATION *(continued)*

(a) Cash generated from operations *(continued)*

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Changes in working capital:		
– (Increase)/decrease in inventories	**(678,676)**	414,942
– Decrease/(increase) in trade receivables	**135,903**	(2,451,176)
– Decrease/(increase) in other receivables	**234,217**	(1,068)
– Increase in prepayments	**(61,066)**	(2,233,439)
– Increase in trade and bills payables	**791,188**	2,019,912
– Decrease in contract liabilities	**(376,769)**	(115,999)
– Increase in other payables and accruals	**68,799**	31,375
– Increase/(decrease) in warranty provision	**34,010**	(100,136)
Cash generated from operations	**3,536,168**	30,821

(b) Net debt reconciliation

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Cash and cash equivalents *(Note 25)*	**5,643,539**	3,874,219
Borrowings *(Note 27)*	**(9,345,990)**	(9,166,345)
Net debt	**(3,702,451)**	(5,292,126)

36 CASH FLOW INFORMATION *(continued)*

(b) Net debt reconciliation *(continued)*

	Cash	Liabilities from financing activities			
		Borrowings due within 1 year	Borrowings due after 1 year	Sub-total	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	5,627,891	(5,036,621)	(4,457,964)	(9,494,585)	(3,866,694)
Cash flows	(1,766,040)	398,839	(470,598)	(71,759)	(1,837,799)
Other changes (Note)	–	400,000	–	400,000	400,000
Exchange differences	12,368	–	–	–	12,368
At 31 December 2024 and 1 January 2025	**3,874,219**	**(4,237,782)**	**(4,928,562)**	**(9,166,344)**	**(5,292,125)**
Cash flows	**1,804,004**	**(585,188)**	**405,542**	**(179,646)**	**1,624,358**
Exchange differences	**(34,684)**	**–**	**–**	**–**	**(34,684)**
At 31 December 2025	**5,643,539**	**(4,822,970)**	**(4,523,020)**	**(9,345,990)**	**(3,702,451)**

Note:

During the year ended 31 December 2024, the loan from financial institution of RMB400,000,000 has been settled through the debt arrangement with an independent third party.

37 CAPITAL COMMITMENTS

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

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Contracted, but not provided for:		
Property, plant and equipment	**526,107**	633,141

38 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
	RMB'000	RMB'000
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
	6,406,243	7,080,620

39 ACQUISITION OF NON-CONTROLLING INTERESTS IN A SUBSIDIARY

(a) In the current year:

The Group had not any acquisition of non-controlling interests and no equity attributable to equity shareholders of the Company contributed by related activities to the Group for the year ended 31 December 2025.

(b) In the prior year:

During the year ended 31 December 2024, the Group acquired of 30% equity interests of Jiangsu Green Lighting Engineering Co., Ltd. ("**Green Lighting**") at a consideration of RMB4,700,000. The effect on the equity attributable to the equity shareholders of the Company during the year is summarised as follows:

	RMB'000
Consideration payable	4,700
Less: Decrease in non-controlling interests	(446)
Decrease in equity attributable to equity shareholders of the Company	4,254

As at 31 December 2024, the Group held 100% equity interests in Green Lighting.

40 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.

41 RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these consolidated statements, the Group has no significant transactions with related parties during the year.

(b) **Outstanding balances with related parties:**

The Group's trade and other balances with its associates and other related party as at the end of the reporting period are disclosed in Notes 23 and 26 to the consolidated financial statements.

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

Other than the emoluments paid to the directors of the Company, who are also considered as the key management of the Group as set out in Note 43 and the emoluments paid to the highest paid employees as set out in Note 9, the Group did not have any other significant compensation to key management personnel.

42 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	As at31 December	
	2025	2024
	RMB'000	RMB'000
Assets		
Non-current assets		
Property, plant and equipment	**2**	2
Interests in subsidiaries	**3,948,332**	4,052,050
	3,948,334	4,052,052
Current assets		
Other receivables	**242**	220
Cash and cash equivalents	**12,161**	31,429
	12,403	31,649
Total assets	**3,960,737**	4,083,701
Liabilities		
Current liabilities		
Amounts due to subsidiaries	**6,133**	6,273
Other payables	**186,790**	323
Total liabilities	**192,923**	6,596
Equity attributable to owners of the Company		
Share capital	**119,218**	119,218
Reserves (Note (a))	**3,648,596**	3,957,887
Total equity	**3,767,814**	4,077,105
Total equity and liabilities	**3,960,737**	4,083,701

42 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(continued)*

(a) Reserve movement of the Company

	Share premium RMB'000	Deemed capital contribution reserve RMB'000	Retained earnings/ (Accumulated losses) RMB'000	Total RMB'000
At 1 January 2024	3,705,495	77,651	158,206	3,941,352
Profit and other comprehensive income for the year	–	–	16,535	16,535
At 31 December 2024	3,705,495	77,651	174,741	3,957,887
Loss and other comprehensive expenses for the year	–	–	(309,291)	(309,291)
At 31 December 2025	3,705,495	77,651	(134,550)	3,648,596

43 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments:

The remuneration of every director and chief executive is set out below:

	Fees RMB'000	Salaries and other benefits RMB'000	Pension scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2025				
Executive Directors				
Mr. Hu Jichun *(chief executive)*	–	2,697	53	2,750
Mr. Hu Yueming	–	3,450	–	3,450
Mr. Chen Yongdao	–	3,097	53	3,150
Mr. Zhou Zhijin	–	2,697	53	2,750
Ms. Zheng Qing	221	–	–	221
Mr. Gu Xiaobin	–	5,447	53	5,500
Mr. Fang Jian (Note a)	–	111	9	120
Non-Executive Director				
Mr. Ye Xingming (Note b)	46	–	–	46
Independent Non-Executive Directors				
Mr. Jiang Xihe	221	–	–	221
Ms. Jiang Jianhua	221	–	–	221
Dr. Chan Yau Ching	221	–	–	221
Mr. Nathan Yu Li	221	–	–	221
	1,151	17,499	221	18,871

43 BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

(a) Directors' and chief executive's emoluments: *(continued)*

The remuneration of every director and chief executive is set out below:

	Fees RMB'000	Salaries and other benefits RMB'000	Pension scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2024				
Executive Directors				
Mr. Hu Jichun *(chief executive)*	–	2,697	53	2,750
Mr. Hu Yueming	–	3,450	–	3,450
Mr. Chen Yongdao	–	3,097	53	3,150
Mr. Zhou Zhijin	–	2,697	53	2,750
Ms. Zheng Qing	222	–	–	222
Mr. Gu Xiaobin	–	5,447	53	5,500
Mr. Fang Jian	–	1,947	53	2,000
Independent Non-Executive Directors				
Mr. Jiang Xihe	222	–	–	222
Ms. Jiang Jianhua	222	–	–	222
Dr. Chan Yau Ching	222	–	–	222
Mr. Nathan Yu Li	222	–	–	222
	1,110	19,335	265	20,710

Notes:

(a) Mr. Fang Jian resigned as an executive director of the company on 28 February 2025.

(b) Mr. Ye Xingming appointed as a non-executive director of the company on 2 July 2025.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

(b) Directors' retirement benefits

No specific retirement benefits were paid to directors in respect of services in connection with the management of the affairs of the Company or its subsidiary undertaking (2024: Nil).

(c) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.