中國高速傳動設備集團有限公司*
China High Speed Transmission Equipment Group Co., Ltd.
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 658)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHTS

	Six months ended 30 June 2026 *RMB'000* **(Unaudited)**	Six months ended 30 June 2025 *RMB'000* (Unaudited)	**Change**
Revenue from contracts with customers	**7,519,225**	9,978,981	(24.6)%
Gross profit	**1,817,972**	1,852,086	(1.8)%
Gross profit margin (%)	**24.2**	18.6	5.6 percentage points
Profit for the period	**265,229**	241,619	9.8%
Basic and diluted earnings/(loss) per share *(RMB)*	**0.020**	(0.083)	N/A

	As at 30 June 2026 *RMB'000* **(Unaudited)**	As at 31 December 2025 *RMB'000* (Audited)	**Change**
Total assets	**38,913,532**	39,227,676	(0.8)%
Total liabilities	**25,380,484**	25,883,044	(1.9)%
Net assets	**13,533,048**	13,344,632	1.4%
Net assets per share *(RMB)*	**8.3**	8.2	1.2%
Gearing ratio* (%)	**65.2**	66	(0.8) percentage points

* *Gearing ratio=total liabilities/total assets*

* *For identification purposes only*

The board (the "**Board**") of directors (the "**Director(s)**") of China High Speed Transmission Equipment Group Co., Ltd. (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2026 (the "**Period under Review**"), together with the comparative figures as follows. The unaudited interim financial information has been reviewed by the audit committee of the Company and CLA Prism Hong Kong Limited (formerly known as Prism Hong Kong Limited).

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2026

		Unaudited	
		Six months ended 30 June	
	Note	**2026**	2025
		RMB'000	*RMB'000*
Revenue from contracts with customers	*3*	**7,519,225**	9,978,981
Cost of sales		**(5,701,253)**	(8,126,895)
Gross profit		**1,817,972**	1,852,086
Selling and distribution expenses		**(295,406)**	(305,682)
Administrative expenses		**(309,908)**	(297,208)
Research and development costs		**(592,566)**	(451,528)
Net impairment losses recognised on financial assets and financial guarantee contracts		**(120,419)**	(89,880)
Other income	*4*	**176,125**	157,888
Other losses – net	*5*	**(236,659)**	(396,199)
Operating profit		**439,139**	469,477
Finance income	*7*	**67,872**	42,545
Finance costs	*7*	**(161,097)**	(187,748)
Finance costs – net		**(93,225)**	(145,203)
Share of results of associates		**(1,779)**	(9,479)
Profit before income tax		**344,135**	314,795
Income tax expenses	*8*	**(78,906)**	(73,176)
Profit for the period		**265,229**	241,619
Profit/(loss) for the period attributable to:			
– Owners of the Company		**32,936**	(136,061)
– Non-controlling interests		**232,293**	377,680
		265,229	241,619
Earnings/(loss) per share (expressed in RMB)	*9*		
Basic and diluted earnings/(loss) per share		**0.020**	(0.083)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Unaudited	
	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Profit for the period	**265,229**	241,619
Other comprehensive income/(expense) for the period:		
Items that may be reclassified subsequently to profit or loss:		
– Changes in fair value of debt instruments at fair value through other comprehensive income	**2,959**	4,996
– Exchange differences on translation of foreign operations	**(60,741)**	(176)
– Income tax relating to these items	**(450)**	(382)
	(58,232)	4,438
Items that will not be reclassified to profit or loss:		
– Changes in fair value of equity instruments at fair value through other comprehensive income	**(19,793)**	35,588
– Income tax relating to these items	**1,212**	812
	(18,581)	36,400
Other comprehensive income/(expense), net of tax	**(76,813)**	40,838
Total comprehensive income for the period	**188,416**	282,457
Total comprehensive income/(expense) attributable to:		
– Owners of the Company	**(11,373)**	(94,910)
– Non-controlling interests	**199,789**	377,367
	188,416	282,457

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Note	**Unaudited 30 June 2026** *RMB'000*	Audited 31 December 2025 *RMB'000*
Non-current assets			
Property, plant and equipment		**9,507,426**	9,738,725
Right-of-use assets		**721,180**	731,826
Goodwill		**26,142**	26,142
Investments in associates		**163,236**	165,015
Financial assets at fair value through other comprehensive income ("**FVOCI**")		**1,223,168**	1,242,962
Financial assets at fair value through profit or loss ("**FVPL**")		**178,939**	261,030
Deferred tax assets		**655,266**	611,746
		12,475,357	12,777,446
Current assets			
Inventories		**8,083,775**	6,526,646
Trade receivables	*11*	**5,736,528**	5,965,124
Other receivables	*11*	**1,141,078**	1,206,864
Prepayments		**414,138**	438,519
Financial assets at FVOCI		**2,605,967**	3,323,219
Financial assets at FVPL		**132,159**	157,131
Income tax recoverable		**32,675**	45,860
Pledged bank deposits		**3,341,251**	3,143,328
Cash and cash equivalents		**4,950,604**	5,643,539
		26,438,175	26,450,230

	Note	Unaudited 30 June 2026 *RMB'000*	Audited 31 December 2025 *RMB'000*
Current liabilities			
Trade payables	*12*	**4,789,089**	4,378,757
Bills payable	*12*	**5,300,513**	5,784,324
Other payables	*12*	**1,826,928**	1,951,996
Contract liabilities		**1,245,523**	1,236,917
Borrowings	*13*	**5,286,785**	4,822,970
Deferred income		**77,569**	75,428
Income tax payable		**136,948**	163,658
Warranty provision		**843,823**	864,364
		19,507,178	19,278,414
Net current assets		**6,930,997**	7,171,816
Total assets less current liabilities		**19,406,354**	19,949,262
Non-current liabilities			
Borrowings	*13*	**3,792,034**	4,523,020
Deferred income		**615,347**	632,233
Warranty provision		**1,357,151**	1,338,459
Deferred tax liabilities		**108,774**	110,918
		5,873,306	6,604,630
Net assets		**13,533,048**	13,344,632
Capital and reserves			
Share capital		**119,218**	119,218
Reserves		**8,329,522**	8,340,895
Equity attributable to owners of the Company		**8,448,740**	8,460,113
Non-controlling interests		**5,084,308**	4,884,519
Total equity		**13,533,048**	13,344,632

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with International Accounting Standard ("**IAS**") 34, Interim Financial Reporting, issued by the International Accounting Standards Board ("**IASB**") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This interim condensed consolidated financial information has been prepared in accordance with the same accounting policies adopted in the Group's 2025 annual consolidated financial statements, except for the adoption of amendments to IFRS Accounting Standards, as set out in Note 2.

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

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

This interim condensed consolidated financial information contains interim condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the Group's 2025 annual consolidated financial statements. This interim condensed consolidated financial information and notes thereon do not include all of the information and disclosures required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

This interim condensed consolidated financial information is unaudited, but has been reviewed by the Audit Committee. It has also been reviewed by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Hong Kong Institute of Certified Public Accountants.

Update on 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. Following the amendment to the articles of association of Nanjing High Speed on 29 September 2024, the Company could no longer retain definite control over its board of directors solely based on the then prevailing articles of association. The Group's consolidation of Nanjing High Speed relied on a 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 Group holding approximately 50.02% equity interest of Nanjing High Speed, and Jinhu Shifu Corporate Management Partnership (Limited Partnership) ("**Jinhu LP**"), another shareholder of Nanjing High Speed. 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. Under such framework, there existed a material uncertainty that may cast significant doubt on the basis upon which the Group maintained control over Nanjing High Speed.

On 30 June 2026, all shareholders of Nanjing High Speed resolved to amend its articles of association. Pursuant to the amended articles of association, Nanjing Gear is entitled to nominate five out of the nine directors of Nanjing High Speed, and has the right to designate the chairman, director(s) responsible for executing Nanjing High Speed's affairs and its financial controller. Following such amendments, the Group is able to exercise robust control over Nanjing High Speed in respect of the appointment of the majority of its directors and the designation of key management personnel. Nanjing High Speed will remain a subsidiary of the Group even if the Concert Agreement is terminated in the future.

Accordingly, the material uncertainty relating to the Group's control over Nanjing High Speed has been resolved as at 30 June 2026. The management assesses that the Group had the ability to direct the relevant activities of Nanjing High Speed throughout the interim period, and therefore the financial results of Nanjing High Speed have continued to be consolidated into the Group's interim consolidated financial information.

Subsequent to the end of the interim period, Nanjing Gear completed the acquisition of 100% equity interest in Jinhu Shiji Enterprise Management Consultancy Co., Ltd. ("**Jinhu Shiji**") at a consideration of RMB2,400,000. Upon completion of the transaction, the Group's ultimate equity interest in Nanjing High Speed increased by approximately 0.028% to approximately 50.05%. Moreover, Jinhu Shiji is the sole general partner of Jinhu LP. Pursuant to the partnership agreement of Jinhu LP, Jinhu Shiji is responsible for the day-to-day partnership affairs of Jinhu LP and may represent Jinhu LP in external matters. According to the articles of association of Nanjing High Speed, Jinhu LP (as a shareholder of Nanjing High Speed) is entitled to recommend one director to the board of directors of Nanjing High Speed. Therefore, after completion of the transaction, the Group has the ability to direct Jinhu LP's recommendation of one director to the board of Nanjing High Speed.

2. AMENDMENTS TO IFRS ACCOUNTING STANDARDS ADOPTED BY THE GROUP

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards (the "**Amendments**") issued by the IASB for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's interim condensed consolidated financial statements:

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

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

3. REVENUE AND OPERATING SEGMENT INFORMATION

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

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

(a) wind and industrial gear transmission equipment segment: design, development, manufacture and distribution of a broad range of mechanical transmission equipment that are used in wind power and a wide range of industrial applications;

(b) rail transportation gear transmission equipment segment: manufacture and distribution of gear transmission equipment used in rail transportation fields;

(c) trading business segment: focuses on bulk commodity and steel industry chain;

(d) the "others" segment comprises principally services on lighting projects, municipal landscape projects and engineering procurement construction projects.

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

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

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

(a) Segment information

	Wind and industrial gear transmission equipment *RMB'000*	Rail transportation gear transmission equipment *RMB'000*	Trading business *RMB'000*	Others *RMB'000*	Total *RMB'000*
For the six months ended 30 June 2026 (unaudited)					
Segment revenue					
Revenue from external customers	**7,387,205**	**132,020**	**–**	**–**	**7,519,225**
Timing of revenue recognition					
At a point in time	**7,387,205**	**132,020**	**–**	**–**	**7,519,225**
Segment results	**772,134**	**38,151**	**(78,747)**	**(869)**	**730,669**
Reconciliation:					
Finance costs – net					**(93,225)**
Dividend income					**662**
Net impairment losses recognised on financial assets and financial guarantee contracts					**(37,174)**
Foreign exchange losses, net					**(146,499)**
Fair value losses on financial assets at FVPL					**(81,005)**
Share of results of associates					**(1,779)**
Corporate and other unallocated expenses					**(27,514)**
Profit before income tax					**344,135**
Other segment information					
Write-down of inventories	**87,592**	**1,133**	**–**	**–**	**88,725**
Net impairment losses (reversed)/ recognised on financial assets and financial guarantee contracts	**17,726**	**(5,866)**	**71,985**	**(600)**	**83,245**
Depreciation of property, plant and equipment and right-of-use assets	**521,898**	**5,078**	**3**	**119**	**527,098**
Capital expenditure	**316,528**	**6,713**	**–**	**214**	**323,455**

	Wind and industrial gear transmission equipment *RMB'000*	Rail transportation gear transmission equipment *RMB'000*	Trading business *RMB'000*	Others *RMB'000*	Total *RMB'000*
As at 30 June 2026 (unaudited)					
Segment assets	**25,251,147**	**421,350**	**175,658**	**1,311,822**	**27,159,977**
Corporate and other unallocated assets					**11,753,555**
Total assets					**38,913,532**
Segment liabilities	**14,518,825**	**132,925**	**267,171**	**489,124**	**15,408,045**
Corporate and other unallocated liabilities					**9,972,439**
Total liabilities					**25,380,484**
For the six months ended 30 June 2025 (unaudited)					
Segment revenue					
Revenue from external customers	9,802,673	175,716	–	592	9,978,981
Timing of revenue recognition					
At a point in time	9,802,673	175,716	–	592	9,978,981
Segment results	950,659	35,767	(106)	(7,778)	978,542
Reconciliation:					
Finance costs – net					(145,203)
Dividend income					633
Net impairment losses recognised on financial assets					(76,134)
Foreign exchange gains, net					41,631
Fair value losses on financial assets at FVPL					(428,515)
Share of results of associates					(9,479)
Corporate and other unallocated expenses					(46,680)
Profit before income tax					314,795

	Wind and industrial gear transmission equipment *RMB'000*	Rail transportation gear transmission equipment *RMB'000*	Trading business *RMB'000*	Others *RMB'000*	Total *RMB'000*
For the six months ended 30 June 2025 (unaudited)					
Other segment information					
Write-down/(reversal of write-down) of inventories	129,991	(931)	–	–	129,060
Net impairment losses (reversed)/ recognised on financial assets	(444)	6,861	106	7,223	13,746
Impairment losses recognised on property, plant and equipment	7,284	–	–	–	7,284
Depreciation of property, plant and equipment and right-of-use assets	383,646	5,702	–	3	389,351
Capital expenditure	404,696	777	–	–	405,473
As at 31 December 2025 (audited)					
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

(b) Geographical information

	Unaudited Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Revenue from external customers		
The People's Republic of China (the "**PRC**")	**6,390,175**	8,797,341
The United States of America (the "**USA**")	**915,128**	722,901
Europe	**74,907**	108,380
Other countries	**139,015**	350,359
	7,519,225	9,978,981

4. OTHER INCOME

	Unaudited Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Dividend income from financial assets at FVOCI and FVPL	**662**	633
Government grants		
– Deferred income recognised	**41,763**	41,191
– Other government subsidies	**36,886**	37,072
Sale of scraps and materials	**88,764**	60,652
Gross fixed rental income	**1,189**	2,808
Others	**6,861**	15,532
	176,125	157,888

5. OTHER LOSSES – NET

	Unaudited Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Losses on disposal of property, plant and equipment, net	**(2,029)**	(2,031)
Foreign exchange (losses)/gains, net	**(146,499)**	41,631
Net fair value losses on financial assets at FVPL	**(81,005)**	(428,515)
Impairment losses recognised on property, plant and equipment	**–**	(7,284)
Impairment losses recognised on prepayments	**(7,126)**	–
	(236,659)	(396,199)

6. EXPENSES BY NATURE

	Unaudited Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Cost of inventories sold	**4,836,284**	7,275,677
Employee benefits expenses	**1,024,657**	941,656
Depreciation of property, plant and equipment	**517,526**	390,406
Depreciation of right-of-use assets	**9,572**	9,288
Write-down of inventories	**88,725**	129,060
Other expenses	**422,369**	435,226
Total cost of sales, selling and distribution expenses, administrative expenses and research and development costs	**6,899,133**	9,181,313

7. FINANCE INCOME AND COSTS

	Unaudited Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Finance income		
– Interest income from bank deposits	**58,492**	42,545
– Interest income from consideration receivable	**9,380**	–
	67,872	42,545
Finance costs		
– Interest expenses on bank and other borrowings	**(161,097)**	(187,748)
Finance costs – net	**(93,225)**	(145,203)

8. INCOME TAX EXPENSES

	Unaudited Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Current income tax – charge for the period		
– PRC	**96,283**	120,113
– Hong Kong	**10,690**	9,318
– USA	**14,302**	14,498
– Others	**641**	–
Under/(over) provision in respect of prior years	**1,890**	(20,997)
	123,806	122,932
Deferred tax	**(44,900)**	(49,756)
Income tax expenses	**78,906**	73,176

(a) PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (six months ended 30 June 2025: 25%) on the taxable profits of the Group's PRC subsidiaries for the six months ended 30 June 2026.

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 2027
NGC (Baotou) Transmission Equipment Co., Ltd.	31 December 2024	31 December 2027
Nanjing High Speed Gear Manufacturing Co., Ltd.	31 December 2023	31 December 2026
Nanjing High Speed & Accurate Gear (Group) Co., Ltd.	31 December 2023	31 December 2026
Nanjing High Accurate Rail Transportation Equipment Co., Ltd.	31 December 2023	31 December 2026

(b) Hong Kong Profits Tax

Hong Kong Profits Tax for the six months ended 30 June 2026 and 30 June 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 are calculated at 8.25% and the estimated assessable profits above HK$2 million are calculated at 16.5%.

(c) Other corporate income tax

Other corporate income tax has been provided at the rates of 8.5% to 25% (six months ended 30 June 2025: 8.5% to 25%) on the estimated assessable profits arising from the jurisdictions in which the entities operate.

9. EARNINGS/(LOSS) PER SHARE

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

	Unaudited Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Profit/(loss) attributable to owners of the Company	**32,936**	(136,061)
Weighted average number of ordinary shares outstanding for basic earnings/(loss) per share *('000)*	**1,635,291**	1,635,291
Basic earnings/(loss) per share *(RMB)*	**0.020**	(0.083)

No adjustment is made to the diluted earning/(loss) per share for the six months ended 30 June 2026 and 2025 as there were no potential dilutive shares in issue.

10. DIVIDENDS

The directors of the Company resolved not to declare any interim dividend in respect of the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

11. TRADE AND OTHER RECEIVABLES

		Unaudited	Audited
		30 June	31 December
	Note	**2026**	2025
		RMB'000	*RMB'000*
Trade receivables	*(i)*		
– Customers in trading business		**3,182,599**	3,188,981
– Other customers in trading business		**250,450**	250,450
– Other business		**6,240,914**	6,368,702
		9,673,963	9,808,133
Less: Loss allowances			
– Customers in trading business		**(3,182,599)**	(3,188,981)
– Other customers in trading business		**(159,947)**	(76,959)
– Other business		**(594,889)**	(577,069)
		(3,937,435)	(3,843,009)
		5,736,528	5,965,124

	Note	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
Other receivables			
– Value-added tax recoverable		**121,001**	190,986
– Loans to third parties		**317,838**	317,838
– Redemption receivable from an insurance company	*(ii)*	**612,600**	612,600
– Consideration receivable	*(iii)*	**240,000**	250,000
– Amounts due from associates	*(iv)*	**45,951**	45,951
– Amounts due from former subsidiaries		**512,847**	516,046
– Amounts due from other third parties		**305,578**	289,551
		2,155,815	2,222,972
Less: Loss allowances		**(1,014,737)**	(1,016,108)
		1,141,078	1,206,864
		6,877,606	7,171,988

Note:

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

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

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

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

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 of 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.

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 receipt of the RMB10,000,000 down payment during the six months ended 30 June 2026, 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.

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

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

	Unaudited 30 June 2026 *RMB'000*	Audited 31 December 2025 *RMB'000*
Less than 90 days	**3,639,348**	4,141,531
90 to 180 days	**476,006**	794,561
181 to 365 days	**952,494**	384,212
1 to 2 years	**423,598**	532,341
Over 2 years	**245,082**	112,479
	5,736,528	5,965,124

Impairment of financial assets under expected credit loss model

For the six months ended 30 June 2026 and 2025, the following impairment losses were recognised in profit or loss:

	Unaudited	
	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Impairment losses recognised on trade receivables	**88,244**	13,398
Impairment losses recognised on other receivables	**8,646**	76,482
	96,890	89,880

12. TRADE, BILLS AND OTHER PAYABLES

	Unaudited	Audited
	30 June	31 December
	2026	2025
	RMB'000	*RMB'000*
Trade payables		
– Amounts due to third parties	**4,789,071**	4,378,739
– Amount due to an associate	**18**	18
	4,789,089	4,378,757
Bills payable	**5,300,513**	5,784,324
	10,089,602	10,163,081
Other payables		
– Accruals	**416,881**	456,090
– Other tax payables	**102,052**	32,694
– Purchase of property, plant and equipment	**236,928**	232,805
– Payroll and welfare payables	**140,845**	297,452
– Financial guarantee liabilities *(Note 14)*	**415,356**	391,827
– Amounts due to third parties	**514,866**	541,128
	1,826,928	1,951,996
	11,916,530	12,115,077

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:

	Unaudited 30 June 2026	Audited 31 December 2025
	RMB'000	*RMB'000*
0 to 30 days	**4,909,944**	4,555,810
31 to 60 days	**1,022,737**	943,553
61 to 180 days	**3,802,821**	4,068,032
181 to 365 days	**35,947**	261,035
Over 365 days	**318,153**	334,651
	10,089,602	10,163,081

13. BORROWINGS

	Unaudited 30 June 2026		Audited 31 December 2025	
	Effective interest rate		Effective interest rate	
	%	***RMB'000***	*%*	*RMB'000*
Current				
Bank loans – Unsecured	**2.20-3.50**	**4,051,699**	2.24-3.60	4,379,964
Bank loans – Secured	**2.40-3.25**	**1,235,086**	2.35-3.35	443,006
		5,286,785		4,822,970
Non-current				
Bank loans – Unsecured	**2.24-3.45**	**608,960**	2.24-3.20	658,099
Bank loans – Secured	**3.15-3.25**	**3,183,074**	2.35-3.35	3,864,921
		3,792,034		4,523,020
		9,078,819		9,345,990

Note:

The secured borrowings were secured by pledge of assets, details of which are set out in Note 16. In addition, as at 30 June 2026 and 31 December 2025, the secured non-current bank loans were secured by the Group's 100% equity interests in NGC Huai'an.

14. FINANCIAL GUARANTEES

(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 RMB180,000,000. 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 year ended 31 December 2025.

As a result, the Group measures expected credit losses ("**ECL**") on a lifetime basis. A full impairment loss of RMB205,352,000 was recognised for the year ended 31 December 2025, which comprised the guaranteed principal of RMB180,000,000 and accrued interest of RMB25,352,000. The corresponding financial guarantee liability of RMB205,352,000 (31 December 2025: RMB205,352,000) is included in "other payables" in the condensed consolidated statement of financial position as at 30 June 2026.

(ii) In previous years, the Group provided a financial guarantee in respect of a borrowing of a third party (which was a related party of the Group prior to 1 December 2018). Details of which are set out in the Company's announcement dated 12 June 2026. Pursuant to an extension agreement, the repayment maturity date of the borrowing was extended to 30 October 2026, and the Group's guarantee remains enforceable and valid based on legal advice obtained. As at 30 June 2026, the guaranteed principal amount was RMB400,000,000 (31 December 2025: RMB400,000,000), and the corresponding accumulated interest was RMB295,815,000 (31 December 2025: RMB276,697,000).

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 each reporting period.

Based on the results of the Group's assessment, an impairment loss of RMB23,529,000 (six months ended 30 June 2025: Nil) was recognised in profit or loss for the six months ended 30 June 2026, with a corresponding financial guarantee liability included in "other payables" in the condensed consolidated statement of financial position as at 30 June 2026. As at 30 June 2026, the carrying amount of the corresponding financial guarantee liability was RMB210,004,000 (31 December 2025: RMB186,475,000).

15. CAPITAL COMMITMENTS

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

	Unaudited	Audited
	30 June	31 December
	2026	2025
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Property, plant and equipment	**382,718**	526,107

16. ASSETS PLEDGED AS SECURITY

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

	Unaudited	Audited
	30 June	31 December
	2026	2025
	RMB'000	*RMB'000*
Bills receivable	**128,111**	579,871
Property, plant and equipment	**2,608,674**	2,409,374
Land use rights	**343,980**	273,670
Pledged bank deposits	**3,341,251**	3,143,328
	6,422,016	6,406,243

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

The Company's wholly owned subsidiaries, Nanjing Drive, Nanjing Handa and Nanjing Shengzhuang Supply Chain Co., Ltd. (collectively the "**Relevant Subsidiaries**") carried out transactions in trading business mainly with 13 customers (the "**Customers**") and 3 suppliers (the "**Suppliers**"). The Group's trade receivables relating to the trading business amounted to RMB3,188,981,000 as at 31 December 2025 and RMB3,182,599,000 as at 30 June 2026, and prepayments of RMB3,450,531,000 relating to the trading business were recorded in the condensed consolidated interim financial statements as at 30 June 2026 and 31 December 2025.

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 Payments are placed, and until the goods are delivered by the Suppliers.

During the six months ended 30 June 2026, no transactions were entered into 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 owed to the Group had already been settled.

As detailed in the Company's announcements dated 24 November 2024, 6 February 2025, 2 March 2025, 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 of the outstanding trade receivables and prepayments of RMB6,639,512,000 in total as at 31 December 2025 was in doubt. For the sake of prudence, full impairment had been recognised in previous years. During the six months ended 30 June 2026, partial collections were received in respect of the trade receivables, and the Group accordingly reversed impairment losses of RMB6,382,000 for the current period. The recoverability of the remaining outstanding trade receivables and the realisability of prepayments continues to be subject to significant doubt, and the relevant balances remain fully impaired.

During the six months ended 30 June 2026, there was no material progress in recovering these balances other than the partial receipts as stated above or obtaining sufficient underlying documentation. The initial third-party independent investigation carried out during the 2025 reporting period did not obtain 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 was commenced during the six months ended 30 June 2026 and remained ongoing as at 30 June 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the research, design, development, manufacture and sales of a broad range of mechanical transmission equipment that are widely used in wind power and industrial applications. During the Period under Review, the Group recorded sales revenue of approximately RMB7,519,225,000 (30 June 2025: RMB9,978,981,000), representing a decrease of 24.6% as compared with the corresponding period of 2025; and the gross profit margin was approximately 24.2% (30 June 2025: 18.6%), representing an increase of 5.6 percentage points as compared with the corresponding period of last year. During the Period under Review, net profit of the Group was approximately RMB265,229,000 (30 June 2025: profit of RMB241,619,000). The basic earnings/loss per share was RMB0.020 (30 June 2025: basic loss per share of RMB0.083).

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 our outstanding research, design and development capabilities, our product technology has reached an internationally leading level, consolidating the Group's leadership in the offshore large-megawatt wind gear transmission equipment. 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 NGC StanGear (rolling bearing gearbox) and NGCWinGear (sliding bearing gearbox) product platforms and core technology platforms, the second-generation sliding bearing technology has achieved large-scale and rapid promotion and application, continuously consolidating and strengthening the leading market position of the products; meanwhile, the Group has 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 is actively developing onshore and offshore large-megawatt wind gear transmission equipment with integrated transmission chain, deeply integrating digital technology, building the GearSight IoT cloud platform for gearbox health monitoring and diagnosis, and creating 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 high-quality and stable 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**"), such as Goldwind Science & Technology, Windey Energy Technology, Dongfang Electric Wind Power and SANY Renewable Energy, as well as internationally renowned wind turbine manufacturers such as GE Vernova, Siemens Energy Wind Power, Nordex acciona and Suzlon, etc. In the course of proactively expanding its overseas customer base, leveraging the overseas expansion of domestic wind turbine manufacturers, the wind gear transmission equipment products of the Group will further broaden its overseas market footprint. Meanwhile, a global market layout also facilitates diversification of operational risks. The Group has been committed to building closer communication, cooperation and development relationships with existing and potential overseas customers through its subsidiaries in the United States (the "**U.S.**"), Germany, India and Singapore.

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.

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 upgrade of traditional products. Empowered by new thinking, new technologies and new services, the Group actively explores innovative development of its industrial gear transmission equipment in new fields, new markets and new industries. 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 boosting sales to 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. In recent years, the Group has shown a positive development trend in the fields of high-end equipment manufacturing and localisation of core equipment, and with the further international expansion of industrial gear transmission equipment products, the overseas market application of the Group's industrial gear transmission equipment products has significantly increased. Meanwhile, the Group also strengthened its efforts to provide and sell the parts and components of relevant products as well as comprehensive system solutions to its customers, helping customers to enhance their current production efficiency and reduce energy consumption without increasing capital expenditure and satisfying the diverse and differentiated needs of customers, thereby maintaining the Group's position as a major supplier in the market of industrial gear transmission equipment products.

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 Group has established long-term and stable cooperative relationships with many well-known domestic and foreign companies in the industry, such as CRRC, Alstom and Hyundai Rotem. Currently, the Group's rail transportation transmission equipment products have been successfully applied to rail transportation equipment in 26 cities in Mainland China, including Beijing, Shanghai, Shenzhen and Nanjing, as well as Hong Kong, China and Taipei, China; meanwhile, the products have also been exported overseas and successfully put into use in rail transportation projects in 22 countries, including Singapore, India, the Netherlands, France, Australia, Brazil, Argentina, Canada, Mexico, South Africa, Tunis and Egypt. Nanjing High Accurate Rail Transportation Equipment Co., Ltd., a wholly-owned subsidiary of the Group, has obtained the ISO/TS 22163 (IRIS) Certificate for the Quality Management System of International Railway Industry, and its rail transportation gear transmission equipment products have also obtained the CRCC Certification for Railway Products and have been awarded the "Silver" performance rating under the IRIS system for four consecutive years, achieving industry access and deep cultivation in the field of rail transportation transmission equipment, which has laid a solid foundation for further expansion in the domestic and overseas rail transportation markets. In recent years, the Group has actively expanded the maintenance market for rail transportation gear transmission equipment products, cooperated with customers to establish maintenance bases in Shanghai, Nanjing and other places, and has cumulatively maintained more than 10,000 sets of gear transmission equipment products of various brands. With optimised gearbox design technology, excellent sealing technology and effective control of the production process, the Group's rail transportation gear transmission equipment products demonstrate outstanding environmental friendliness and are well received by users.

PROSPECTS

In the first half of 2026, the global environment became increasingly complex and severe, with geopolitical risks continuing to ferment, the trend of trade fragmentation intensifying, and the momentum of the world economic recovery remaining relatively weak. Facing the complex external environment, China adhered to the general principle of seeking progress while maintaining stability, with macro policies exerting precise efforts, the accelerated cultivation of new quality productive forces, and continuously strengthening endogenous momentum. According to data from the National Bureau of Statistics, China's gross domestic product in the first half of 2026 amounted to RMB69,570.4 billion, representing a year-on-year increase of 4.7%. The economy as a whole continued its recovery and improvement trend, demonstrating strong development resilience and vitality. New industrialisation advanced solidly and new quality productive forces took shape at a faster pace, continuously injecting strong momentum into the long-term healthy development of the economy.

At present, the global energy structure is accelerating its reconstruction. Wind power, as a mature, clean and efficient green energy source, has always occupied a critical strategic position in the global energy transition. Against this backdrop, China's wind power industry has fully entered a new development cycle of "volume expansion with quality enhancement and reliable substitution". On the one hand, under the intertwined impact of intensifying geopolitical rivalry and the frequent occurrence of extreme climate events, the global urgency for energy security and clean transition continues to rise; on the other hand, the firm advancement of the domestic "dual carbon" goals and the directional consensus on global net-zero emissions resonate in tandem, driving steady growth in demand for wind power installed capacity. At the international level, emerging market countries, driven by rapidly growing electricity demand and the pursuit of energy autonomy, are accelerating their wind power deployment and continuously releasing stable incremental potential; meanwhile, as the European market enters a new stage of repowering ageing wind farms and constructing deep-sea offshore wind power, broad room has also been created for the overseas expansion of China's wind power industry chain. At the domestic level, the continuous construction of large-scale bases in desert, Gobi and arid wasteland regions, the forthcoming large-scale development of deep-sea offshore wind power, and the "large-replacing-small" technical upgrades of existing units are steadily building definitive structural increments for the wind power industry. At the same time, with the successive issuance of the 15th Five-Year Plan for Building a New Energy System, the Action Plan for Carbon Peaking during the 15th Five-Year Plan Period, the 15th Five-Year Plan for Renewable Energy Development and the 15th Five-Year Plan for Green and Low-Carbon Industrial Development, a coordinated and complementary policy framework has been established, providing solid support for the continuous release of new wind power installed capacity during the 15th Five-Year Plan period and safeguarding the long-term steady development of the industry.

In recent years, under government regulation and the coordinated efforts across the entire industry chain, although wind turbine prices have generally stabilised, structural pressure remains in the core components sector. Coupled with phased overcapacity in wind power gear transmission equipment and the low-price procurement by wind turbine manufacturers, low-price competition in the industry has become the norm. As certain wind turbine manufacturers expand the share of in-house production and intra-system procurement, the space of the third-party open market has been further compressed, and market competition has become increasingly intense. In addition, affected by factors such as escalating international trade barriers and the tightening of localisation policies in certain countries or regions, the international layout of the Group's wind power gear transmission equipment business faces certain challenges. Facing multiple pressures, the Group has always regarded product quality and technical reliability as the foundation of its standing, continuously advancing lean manufacturing and intelligent transformation, and increasing efforts in research and development tackling, so as to meet the needs of diversified application scenarios and differentiated competition. Looking ahead, against the backdrop that industry capacity clearance and market landscape reshaping have yet to be completed, the historically high contribution of the wind power gear transmission equipment business to the Group's profits is facing severe challenges, and overall profitability continues to be under pressure. The Group will prudently assess industry policy orientations and market competition dynamics, flexibly adjust its operating strategies, and strive to balance the relationship between scale growth and profitability levels, so as to calmly respond to the multiple tests in business development.

Facing the structural divergence in the industrial gear transmission equipment industry of "quality enhancement of traditional stock and explosive growth of emerging increments", the Group takes the concept of sustainable development as its anchor and transforms its green R&D and green manufacturing systems into verifiable technical barriers and closed-loop services. In traditional mining and metallurgy fields, we take full life-cycle carbon footprint accounting as the yardstick to provide customers with verifiable green upgrade solutions for stock assets; facing emerging tracks such as new energy battery equipment, gas turbine equipment and compressed air energy storage, we take stability and reliability as the core and provide customised transmission solutions that are ready for mass production, so as to seize the window period of accelerated industrialisation. We extend the quality standard of "getting it right the first time" to the full life cycle of products and solutions, and, through real-time condition monitoring, predictive maintenance and remanufacturing technologies, help customers reduce full life-cycle costs and enhance operating efficiency. Taking high-efficiency transmission technologies as a breakthrough point, the Group is continuously improving its full-series product layout for industrial gear transmission equipment. Facing new opportunities and challenges for industry development, the Group will, on the basis of consolidating its advantages in traditional industries, drive with the dual wheels of technological breakthroughs and service innovation, provide global customers with overall transmission system solutions that are "safe, efficient and sustainable", and establish an irreplaceable value position in the structural reshaping of the industry.

In respect of the rail transit gear transmission equipment business, the Group has formed a full-spectrum product layout covering subways, trams, intercity railways, high-speed railways and locomotives. Relying on its profound technical accumulation and stringent quality control system, the Group always abides by the concept and process of "zero defects" and is committed to providing customers with overall gear transmission system solutions that are safe, reliable and quiet. As of now, the cumulative delivery and deployment of the Group's rail transit gearboxes have exceeded 65,000 units, and product quality and services have won wide recognition from users at home and abroad. Going forward, the Group will seize the window period for the accelerated development of metropolitan railways and intercity rail transit under the backdrop of "four-network integration", and continuously forge competitive advantages of its products in lightweight design, low noise and intelligent monitoring through technological innovation. The Group will continue to adhere to a product-centred approach, take the provision of full life-cycle management solutions and services to customers as its mission, and, while empowering the rail transit transmission equipment business to open up broader growth space, contribute positively to the green and intelligent transformation and development of rail transit.

In the second half of 2026, the Group will firmly practise the development strategy of "innovative thinking, zero-defect quality, professional services and customer proximity", continue to deepen the optimisation of its product structure and market layout, and strengthen cost control and the enhancement of operating efficiency. We will empower refined management through digital transformation and polish quality and services with extreme craftsmanship, committed to creating a higher value-added experience for customers. Meanwhile, the Group will prospectively analyse industrial changes, deeply cultivate existing stock and expand increments, proactively lay out emerging tracks, continuously release growth momentum, and build a more resilient and vibrant business landscape. In addition, the Group will always take root in the main channel of green development, drive low-carbon transition with technological breakthroughs, earnestly fulfil industrial responsibilities, and contribute solid strength to global sustainable development with pragmatic actions.

FINANCIAL PERFORMANCE

Revenue

Sales revenue of the Group for the Period under Review decreased by 24.6% to approximately RMB7,519,225,000, which was mainly due to the decrease in deliveries of wind gear transmission equipment and the gradual shift to supply of new products with higher profit margins and advanced technology.

	Revenue Six months ended 30 June		
	2026 ***RMB'000***	2025 *RMB'000*	**Change**
Wind gear transmission equipment	**6,167,277**	8,867,412	-30.5%
Industrial gear transmission equipment	**1,219,928**	935,261	30.4%
Rail transportation gear transmission equipment	**132,020**	175,716	-24.9%
Other products	**–**	592	-100%
Total	**7,519,225**	9,978,981	-24.6%

Cost of sales

The cost of sales of the Group decreased by approximately 29.8%, from approximately RMB8,126,895,000 for the corresponding period of last year to approximately RMB5,701,253,000 for the Period under Review. The decrease in cost of sales for the Period under Review was mainly attributable to the decrease in cost of sales in wind gear transmission equipment.

Gross profit margin and gross profit

During the Period under Review, the Group's consolidated gross profit margin was approximately 24.2% (30 June 2025: 18.6%), representing an increase of 5.6 percentage points as compared with the corresponding period of last year. Consolidated gross profit for the Period under Review was approximately RMB1,817,972,000 (30 June 2025: RMB1,852,086,000), representing a decrease of 1.8% as compared with the corresponding period of last year. During the Period under Review, the slight decrease in the Group's consolidated gross profit was mainly due to the decrease in gross profit generated from the wind gear transmission equipment. However, the significant increase of 5.6 percentage points in the Group's consolidated gross profit margin was mainly attributable to the strengthened cost control by the new management, the Group's launch of new products with higher profit margins and the notable gross margin improvement delivered by certain new customers.

Other income

During the Period under Review, the Group's other income was approximately RMB176,125,000 (30 June 2025: RMB157,888,000), representing an increase of 11.6% as compared with the corresponding period of last year. Other income primarily comprised income from the sale of scraps and materials, as well as government subsidies.

Other losses – net

During the Period under Review, the Group' s other net losses were approximately RMB236,659,000 (30 June 2025: other net losses of RMB396,199,000) and mainly included net foreign exchange losses and fair value losses on financial assets at fair value through profit or loss, details refer to Note 5 to the interim condensed consolidated financial information in this announcement.

Selling and distribution expenses

During the Period under Review, the Group's selling and distribution expenses were approximately RMB295,406,000 (30 June 2025: RMB305,682,000), representing a decrease of 3.4% as compared with the corresponding period of last year. Selling and distribution expenses mainly comprised product packaging expenses, transportation expenses, staff costs and business expenses. Selling and distribution expenses accounted for 3.9% of sales revenue (30 June 2025: 3.1%) for the Period under Review, representing an increase of 0.8 percentage points over the corresponding period of last year.

Administrative expenses

During the Period under Review, the Group's administrative expenses were approximately RMB309,908,000 (30 June 2025: RMB297,208,000), representing an increase of 4.3% as compared with the corresponding period of last year. The increase in administrative expenses was primarily attributable to an increase in professional fees of legal service and independent investigation. During the Period under Review, administrative expenses accounted for 4.1% (30 June 2025: 3.0%) of sales revenue, representing an increase of 1.1 percentage points over the corresponding period of last year.

Research and development costs

During the Period under Review, the Group's research and development costs amounted to approximately RMB592,566,000 (30 June 2025: RMB451,528,000), representing an increase of 31.2% as compared with the corresponding period of last year. Research and development costs accounted for 7.9% (30 June 2025: 4.5%) of sales revenue for the Period under Review, representing an increase of 3.4 percentage points over the corresponding period of last year.

Net impairment losses recognised on financial assets and financial guarantee contracts

During the Period under Review, the net impairment losses recognised on financial assets and financial guarantee contracts of the Group amounted to approximately RMB120,419,000 (30 June 2025: RMB89,880,000), which mainly comprised provision for impairment loss on trade receivables of RMB88,244,000 and financial guarantee contracts of RMB23,529,000. The increase in impairment losses was mainly due to the impairment losses on trade receivables.

Finance costs

During the Period under Review, the Group's finance costs were approximately RMB161,097,000 (30 June 2025: RMB187,748,000), representing a decrease of 14.2% as compared with the corresponding period of last year, which was mainly due to a decrease in loan interest rates and loan scale during the Period under Review as compared with the corresponding period of last year.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2026, the equity attributable to owners of the Company amounted to approximately RMB8,448,740,000 (31 December 2025: RMB8,460,113,000), representing a decrease of 0.1% as compared with the beginning of the year. The Group's total assets were approximately RMB38,913,532,000 (31 December 2025: RMB39,227,676,000), representing a decrease of approximately RMB314,144,000 or 0.8% as compared with the beginning of the year. Total current assets were approximately RMB26,438,175,000 (31 December 2025: RMB26,450,230,000), representing a decrease of RMB12,055,000 as compared with the beginning of the year. Total non-current assets were approximately RMB12,475,357,000 (31 December 2025: RMB12,777,446,000), representing a decrease of 2.4% as compared with the beginning of the year.

As at 30 June 2026, total liabilities of the Group were approximately RMB25,380,484,000 (31 December 2025: RMB25,883,044,000), representing a decrease of approximately RMB502,560,000 or 1.9% as compared with the beginning of the year. Total current liabilities were approximately RMB19,507,178,000 (31 December 2025: RMB19,278,414,000), representing an increase of 1.2% as compared with the beginning of the year. Total non-current liabilities were approximately RMB5,873,306,000 (31 December 2025: RMB6,604,630,000), representing a decrease of 11.1% as compared with the beginning of the year.

As at 30 June 2026, the net current assets of the Group were approximately RMB6,930,997,000 (31 December 2025: RMB7,171,816,000), representing a decrease of approximately RMB240,819,000 or 3.4% as compared with the beginning of the year.

As at 30 June 2026, the total cash and bank balances of the Group were approximately RMB8,291,855,000 (31 December 2025: RMB8,786,867,000), representing a decrease of approximately RMB495,012,000 or 5.6% as compared with the beginning of the year. Total cash and bank balances included pledged bank deposits of RMB3,341,251,000 (31 December 2025: RMB3,143,328,000).

As at 30 June 2026, the Group had total borrowings of approximately RMB9,078,819,000 (31 December 2025: RMB9,345,990,000), representing a decrease of approximately RMB267,171,000 or 2.9% as compared with the beginning of the year, of which borrowings due within 1-year term amounted to RMB5,286,785,000 (31 December 2025: RMB4,822,970,000), accounting for 58.2% (31 December 2025: 51.6%) of the total borrowings. The Group's borrowings during the Period under Review bear interest rates from 2.2% to 3.5% 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 RMB6,930,997,000 as at 30 June 2026, 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 66.0% as at 31 December 2025 to 65.2% as at 30 June 2026.

Capital structure

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

As at 30 June 2026, the Group's borrowings with fixed interest rates accounted for approximately 35.1% of total borrowings.

PLEDGE OF ASSETS

Save as disclosed in above note 16 to the interim condensed consolidated financial information, the Group has made no further pledge of assets as at 30 June 2026.

OPERATING SEGMENT INFORMATION

Details of the operating segment information of the Group for the Period under Review are set out in the above note 3a to the interim condensed consolidated financial information.

FINANCIAL GUARANTEE CONTRACTS

Save as shown in the above note 14 to the interim condensed consolidated financial information, as at 30 June 2026, the Directors were not aware of any other material financial guarantees.

CAPITAL COMMITMENTS

As at 30 June 2026, 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 RMB382,718,000 (31 December 2025: RMB526,107,000). Details of which are set out in the above note 15 to the interim condensed consolidated financial information.

INTERIM DIVIDEND

The Board did not recommend to declare any interim dividend in respect of the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

FOREIGN EXCHANGE RISK

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

During the Period under Review, the net losses of foreign exchange (included in "other losses – net") recorded by the Group was approximately RMB146,499,000 (30 June 2025: net gains of RMB41,631,000), which was mainly due to the losses from export business denominated in U.S. dollars and Euro as a result of fluctuations in the exchange rate of Renminbi against U.S. dollars and Euro during the Period under Review.

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

EMPLOYEES AND REMUNERATION

As at 30 June 2026, the Group employed approximately 8,467 employees (30 June 2025: 8,107). During the Period under Review, staff cost of the Group amounted to approximately RMB1,024,657,000 (30 June 2025: RMB941,656,000). The cost included basic salaries, discretionary bonus and staff benefits such as medical and insurance plans, pension scheme, unemployment insurance plan, etc.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

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

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

The following is an extract of the Independent Auditor's Review Report to the Board of Directors on the interim condensed consolidated financial information of the Group for the six months ended 30 June 2026.

Basis for Qualified Conclusion

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 2025 were audited by us, whose report dated 17 June 2026 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 24 to the Interim Financial Statements, as at 31 December 2025, 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. As at 30 June 2026, the gross balance of trade receivables decreased to RMB3,182,599,000 as partial collections were received during the period, with a corresponding impairment reversal of RMB6,382,000 recognised. The remaining trade receivables balance and the prepayments balance continued to be fully impaired. This scope limitation remained unresolved as at the date of this report.

During the six months ended 30 June 2026, the Group commenced a further independent investigation in relation to the relevant transactions, and such investigation was ongoing as at 30 June 2026. No further transactions arising from the trading business and no further impairment losses were recognised for these balances, with no other substantive progress made on the relevant matters other than the partial receipts as stated above. As we were still unable to perform effective review 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 and the impairment losses reversed during the period recorded in the condensed consolidated statement of financial position as at 30 June 2026.

As this scope limitation remained unresolved during our review of the interim financial information for the six months ended 30 June 2026, we were unable to carry out review procedures necessary to satisfy ourselves that the disclosure of related party balances as at 30 June 2026 in the Interim Financial Statements is complete and accurate.

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

The consolidated financial statements of the Group for the year ended 31 December 2025 were audited by us, whose report dated 17 June 2026 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.

The Group acts as the main contractor of the EPC project. As at 30 June 2026, 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 six months ended 30 June 2026. During the six months ended 30 June 2026 and up to the date of this review 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 matters remain ongoing. The Group plans to engage a professional institution to conduct an assessment of the EPC project, and intends to liaise with the customer and subcontractors to reach a settlement based on the assessment results. Save for the foregoing, no substantive new progress has been made. Accordingly, the management was unable to provide sufficient information to substantiate the progress of the EPC project and subcontracting costs incurred by subcontractors as at 30 June 2026. We were unable to obtain sufficient appropriate review 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 30 June 2026, and accordingly we were unable to determine whether any revenue and subcontracting costs in relation to the EPC project should be recognised in profit or loss for the six months ended 30 June 2026 and the corresponding six months ended 30 June 2025.

As we were unable to obtain sufficient appropriate review 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 30 June 2026. Any adjustments found to be necessary to these amounts would have a consequential effect on the Group's net assets as at 30 June 2026, the corresponding figures for the six months ended 30 June 2025, and the related disclosures in the Interim Financial Statements.

QUALIFIED CONCLUSION

Based on our review, except for the possible effects of the matters described in the Basis for Qualified Conclusion section, nothing has come to our attention that causes us to believe that the Interim Financial Statements for the six months ended 30 June 2026 are not prepared, in all material respects, in accordance with IAS 34.

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

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

Management acknowledges the qualified conclusion expressed by the Company's auditor in respect of the gross balances of trade receivables and prepayments arising from the trading business, which had been fully impaired in prior years. During the six months ended 30 June 2026, other than partial collections in respect of certain trade receivables and the corresponding reversals of impairment losses recognised during the period, no material progress was made in recovering the remaining balances or obtaining sufficient supporting documentation as to why repayments had not been sought upon the expiry of the relevant framework agreements.

During the period, the Group commissioned a further independent investigation into the relevant transactions, which remained ongoing as at the date of this announcement. The Company's auditor considered the existing independent investigation report previously commissioned by the Company and noted limitations in its findings. Accordingly, that report did not provide sufficient appropriate evidence to resolve the uncertainties surrounding these transactions.

Consequently, the Company's auditor was unable to obtain sufficient appropriate evidence to determine whether any adjustments were necessary in respect of the gross balances of the relevant trade receivables and prepayments, the related impairment provisions, the reversals of impairment losses recognised during the period and the disclosure of related-party balances. Management and the audit committee of the Company (the "**Audit Committee**") concur with the Company's auditor's view and acknowledge that the qualified conclusion relates to legacy matters arising from the Group's 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 provided only limited and incomplete information upon his departure, making it difficult for the current management to obtain the full cooperation of the subcontractors and the project owner.

Consequently, the Company remains unable to obtain sufficient information regarding the status and progress of the EPC project and the subcontracting costs incurred by the subcontractors up to 30 June 2026. No substantive progress was made in resolving these matters during the period. Owing to this limitation, the Company's auditor was unable to obtain sufficient appropriate evidence to determine whether any adjustments were necessary in respect of the relevant contract liabilities, prepayments and inventories, and the related revenue and subcontracting costs recognised for the period. The Company's auditor therefore maintained the qualified conclusion in respect of these matters.

Management and the Audit Committee concur with the Company's auditor's view and acknowledge that the qualified conclusion relates to a legacy matter arising from the incomplete handover by the Company's former director.

Proposed Plan to Address the Qualified Conclusion

The Company remains committed to taking all necessary and practicable measures to address the matters giving rise to the qualified conclusion and will continue to work closely with the Company's auditor in this regard. The measures taken and proposed to be taken by the Company are set out below.

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

To address the matters relating to the gross balances of trade receivables and prepayments, the related impairment provisions and reversals of impairment losses, and the disclosure of related-party balances, the Company will continue to pursue the recovery of the outstanding balances and issue reconciliation requests to the relevant counterparties based on the available accounting records. The Company will also request supporting commercial documentation, including purchase contracts and direct confirmations from counterparties, together with explanations as to why repayments had not been sought upon the expiry of the relevant framework agreements. In addition, the Company will provide all necessary assistance to the independent third party conducting the further investigation into the relevant transactions.

The further independent investigation commissioned by the Group during the period remained ongoing as at the date of this announcement. The Company will continue to provide the investigator with all available information and documents, assess its findings and recommendations upon completion of the investigation, and provide the Company's auditor with the relevant evidence for its consideration.

Transactions under the Group's EPC project

In relation to the Group's EPC project, the Company will continue to communicate and negotiate with the project owner and the subcontractors with a view to obtaining the requisite financial and project information. The Company will issue reconciliation requests to the subcontractors based on the available accounting records, seeking confirmation of the cumulative prepayments made by Nanjing Drive and the subcontracting costs incurred. Where practicable, the Company also engaged an independent third-party certified cost engineer to verify the progress reports issued and assess the latest status of the construction works. In addition, the Company will seek to obtain the latest available progress reports and other supporting documents from the project owner and subcontractors. If the relevant counterparties remain uncooperative, the Company will issue formal demands through its legal advisers and consider appropriate action under the relevant contractual arrangements and applicable laws.

The Company will continue to assess the information obtained and provide the relevant supporting evidence to the Company's auditor for its consideration.

CORPORATE GOVERNANCE

During the Period under Review, the Company has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited, 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 Period under Review, 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. 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 endeavour 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.

AUDIT COMMITTEE REVIEW

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code as set out in Appendix C1 to the Listing Rules. The Audit Committee currently comprises three independent non-executive Directors. The primary duties of the Audit Committee are to review and provide supervision on the financial reporting process, risk management and internal control systems of the Company as well as nominating and supervising the external auditor and offering advice and recommendations to the Board. The unaudited interim condensed consolidated financial statements for the Period under Review have been reviewed by the Audit Committee and the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the HKICPA.

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 eleven former Directors who resigned in 2026, namely Mr. Hu Jichun, Mr. Chen Yongdao, Mr. Gu Xiaobin, Mr. Zhou Zhijin, Ms. Zheng Qing, 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 from 1 January 2026 until their respective resignation date. Apart from that, the Company did not receive any confirmation regarding the compliance with the Model Code from the remaining former Director, namely Mr. Hu Yueming as at the date of this announcement. The Company has also made specific enquiries of the executive Directors (namely Mr. Li Zubin, Ms. Yuan Xiaohong, and Mr. Wang Bo) and the independent non-executive Directors (namely Mr. Lau Jing Yeung William, Mr. Lu Yuanzhu, and Mr. Tse Man Kit, Keith) appointed in 2026, and all current Directors have confirmed that they have complied with the required standard set out in the Model Code from the date of their appointment to the end of the Period under Review. The Company will continue to ensure compliance with the Model Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period under Review, 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. As at 30 June 2026, the Company did not hold any treasury shares (including any treasury shares held or deposited with CCASS (as defined in the Listing Rules)).

MATERIAL EVENTS AFTER THE PERIOD UNDER REVIEW

Strengthened control over Nanjing High Speed

Reference is made to the section headed "Material Risk Warning" in the annual report of the Company for the year ended 31 December 2025. On 30 June 2026, the articles of association of Nanjing High Speed were amended with the approval of all its shareholders. Such amendments allow Nanjing Gear to exercise robust control over Nanjing High Speed in terms of the appointment of the majority of its directors and designation of persons responsible for its affairs, and thus effectively mitigate the potential risk of deconsolidation, even if the Concert Agreement is terminated in the future. For further details, please refer to the Company's announcements dated 29 September 2024 and 30 June 2026.

Acquisition of all equity interest in Jinhu Shiji

Subsequent to the reporting date of 30 June 2026, Nanjing Gear completed the acquisition of 100% equity interest in Jinhu Shiji Enterprise Management Consultancy Co., Ltd. ("**Jinhu Shiji**"). Upon completion of the transaction, the Group's ultimate equity interest in Nanjing High Speed increased by approximately 0.028% to approximately 50.05%. Moreover, Jinhu Shiji is the sole general partner of Jinhu LP. Pursuant to the partnership agreement of Jinhu LP, Jinhu Shiji is responsible for the day-to-day partnership affairs of Jinhu LP and may represent Jinhu LP in external matters. According to the articles of association of Nanjing High Speed, Jinhu LP (as a shareholder of Nanjing High Speed) is entitled to recommend one director to the board of directors of Nanjing High Speed. Therefore, after completion of the transaction, the Group has the ability to direct Jinhu LP's recommendation of one director to the board of Nanjing High Speed.

Further investigation on trade receivables, prepayments and related impairment arising from trading business and related party balances

The Company announced on 10 June 2026 that a New Independent Investigator has been appointed to conduct the Further Investigation into the Relevant Transaction. The review focuses on tracing cash flows and documentation to assess commercial substance, identifying participants and processes to detect irregularities or conflicts of interest, and examining causes of bad debts together with recovery efforts. While the scope is broadly consistent with the earlier FTI Consulting investigation, the Further Investigation was initiated to address limitations of the FTI Final Report and reassess matters with more reliable evidence. The investigation, which began in June 2026, is expected to take five to six months. For further details, please refer to the Company's announcements dated 10 June 2026 and 5 August 2026. Capitalised terms used in this paragraph shall have the same meanings as those defined in the aforementioned announcements.

Internal control review of the Group's internal control systems

The Company has appointed Lixin Certified Public Accountants (Special General Partnership) as an internal control consultant on 14 August 2026 to conduct a further overall review of the effectiveness of the Group's internal control system. The consultant will evaluate the Group's existing internal control policies and systems, identify irregularities, potential conflicts of interest and internal control deficiencies, and provide recommendations for enhancement measures. For further details, please refer to the Company's announcements dated 17 December 2025, 5 August 2026 and 14 August 2026.

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

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

Hong Kong, 27 August 2026

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