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)

2026

INTERIM REPORT

* 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]

Non-executive Director

Mr. Ye Xingming *(resigned)*[5]

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)*[8]
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)*[9]
Mr. Li Zubin[2]
Mr. Lau Jing Yeung William[4]
Ms. Jiang Jianhua *(Chairman) (resigned)*[8]
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)*[10]
Mr. Ye Xingming *(resigned)*[8]
Ms. Jiang Jianhua *(resigned)*[5]
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

CLA Prism Hong Kong Limited
(formerly known as 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[11]
Mr. Lui Wing Hong, Edward *(resigned)*[13]

AUTHORISED REPRESENTATIVES

Mr. Li Zubin[4]
Ms. Seto Ying[11]
Mr. Hu Yueming *(ceased)*[14]
Mr. Lui Wing Hong, Edward *(ceased)*[12]

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

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 as a member on 16 January 2026 and resigned on 23 March 2026
9 Appointed as a member on 16 January 2026 and re-designated as chairman on 23 March 2026
10 Appointed as a member on 23 March 2026 and ceased to hold office on 31 March 2026
11 Appointed on 24 January 2026
12 Ceased to hold office on 24 January 2026
13 Resigned on 31 March 2026
14 Ceased to hold office on 23 March 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*

BUSINESS REVIEW

China High Speed Transmission Equipment Group Co., Ltd. (the "**Company**") and its subsidiaries (collectively the "**Group**") are principally engaged in the research, design, development, manufacture and sales of a broad range of mechanical transmission equipment that are widely used in wind power and industrial applications. During the six months ended 30 June 2026 (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.

LOCAL AND EXPORT SALES

During the Period under Review, the Group maintained its position as the leading supplier of the mechanical transmission equipment in the PRC. During the Period under Review, the overseas sales amounted to approximately RMB1,129,050,000 (30 June 2025: RMB1,181,640,000), representing a decrease of 4.5% as compared with the corresponding period of last year. Overseas sales accounted for 15.0% (30 June 2025: 11.8%) of the total sales of the Group, representing an increase of 3.2 percentage points as compared with the corresponding period of 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.

Management Discussion and Analysis

RECOGNITION AND CERTIFICATION OF THE GROUP

The Group is deeply engaged in the high-end equipment manufacturing field of mechanical transmission and has always adhered to driving high-quality development with new products and new technologies, with multiple core technologies successfully filling gaps in the domestic market. Leveraging on its outstanding technological innovation and premium product quality, the Group has obtained major technology and brand awards and honours at national, provincial and municipal level for over 100 times, including national, provincial and municipal technology advancement awards, mechanical industry science and technology awards, outstanding new products awards and the "Typical Cases of Quality Improvement and Brand Building in Industry and Information Technology". In building its R&D and innovation matrix, the Group possesses national-, provincial- and industry-level core technology platforms such as the State-Recognised Enterprise Technology Centre and the Jiangsu Province Enterprise Technology Centre, and has been recognised as a "National Technological Innovation Demonstration Enterprise" and a principal co-construction unit of the National Wind Power Technology Innovation Centre. The Group has also been accredited with a number of provincial- and industry-level technology research centres and maintenance centres, such as the Jiangsu Province Wind Power Gear Equipment Engineering Technology Research 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, forming a comprehensive and multi-layered technology R&D and innovation system. A solid quality control system is the core cornerstone for putting technological innovation into practice. The Group advocates the "zero-defect" management culture philosophy and emphasises "getting it right the first time". Relying on the NGCQS major quality management operations platform, the Group fully implements Six Sigma and CIP continuous improvement, forming an excellent quality management system covering the full product life cycle, and has been awarded the China Quality Award Nomination Award, the Jiangsu Governor Quality Award, the Nanjing Mayor Quality Award, the "Jiangsu Premium Brand Certification" and recognition as a Jiangsu Quality and Credit Graded AAA enterprise by virtue of its solid comprehensive strength. In addition, the Group continues to advance digital-intelligent transformation and green and low-carbon development. Its subsidiary, Nanjing High Speed Gear Manufacturing Co., Ltd. ("**Nanjing High Speed**"), has been included in the "2024 5G Factory Directory" and 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". A number of other subsidiaries of the Group have also been honoured as national or provincial "Star-Rated Cloud Enterprises", selected as a "Jiangsu Province Advanced-Level Intelligent Factory", a "Precision Manufacturing-based Industrial High-Efficiency Gearbox Intelligent Factory" and a "Smart Manufacturing Workshop", and certified as national or provincial "Green Factories", fully demonstrating the Group's firm commitment to practising sustainable development through "digital-intelligent empowerment and low-carbon development" in the high-end equipment manufacturing field.

In terms of core technology accumulation and application of industry standards, the Group continues to maintain its industry-leading advantages. As at 30 June 2026, the Group has been granted a total of 1,140 national-authorised patents and has submitted 225 patent applications pending 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. In recent years, the Group has repeatedly received international authoritative recognition in the field of wind gear transmission. The offshore 16-18MW and 20-22MW fully integrated medium-speed drive train gearboxes for wind gear transmission equipment successively won Wind Power Monthly's "Global Gold Award for Best Drive Train". During the Period under Review, the Group's innovative achievements once again received high industry recognition. The offshore 16MW front-integrated doubly-fed gearbox for wind gear transmission equipment was awarded the honour of "China Wind Energy People • Innovation Pioneer", and three core equipment items of industrial gear transmission equipment were successfully selected for the "2026 Recommended Catalogue of Localisation Innovation Products Catalogue of Technology and Equipment for the Energy and Chemical Industry". These achievements fully demonstrate the Group's profound technological foundation and continuously leading market competitiveness in the high-end equipment manufacturing field.

Excellent products are inseparable from a stringent quality management system. To ensure the high-standard implementation of core technologies, the Group has fully implemented standardised and digitalised management for many years. Numerous subsidiaries have obtained certifications for the ISO 9001:2015 Quality Management System, the ISO 14001:2015 Environmental Management System, the ISO 45001:2018 Occupational Health and Safety Management System, the ISO 10012:2003 Measurement Management System, the ISO 3834-2:2021 quality requirements for fusion welding and the ISO 50001:2018 Energy Management System, and have obtained the GB/T 23001-2017 integration of informationization and industrialization management system certificate (AAA). In terms of domestic and overseas product access, wind gear transmission equipment products of the Group have obtained certifications from CCS, CGC, CQC, TÜV, DNV, UL, CE and ETL, and its subsidiary Nanjing High Speed is also a certified member company of APQP4Wind; industrial gear transmission equipment products have obtained CE, MA, ATEX, CUTR, GOST and API Q1 certifications; and Nanjing High Accurate Rail Transportation Equipment Co., Ltd., a subsidiary of the Group, has obtained the ISO/TS 22163 (IRIS) Certificate for the Quality Management System of International Railway Industry and has been awarded the IRIS "Silver" Certificate for four consecutive years, with its products obtaining the CRCC Certification for Railway Products. In addition, the Group's 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 self-developed GearSight software of the wind power segment has been certified by the CMMI Level 3 assessment in the global software domain. In terms of low-carbon development, the Group has obtained ISO 14064 greenhouse gas and ISO 14067 product carbon footprint verification certifications, and relevant energy conservation and emission reduction practices have also been selected as typical climate action cases, steadily practising the philosophy of low-carbon development.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

INTERIM DIVIDEND

The board (the "**Board**") of directors (the "**Directors**") of the Company did not recommend to declare any interim dividend in respect of the six months ended 30 June 2026.

Management Discussion and Analysis

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 7 to the interim condensed consolidated financial information in this report.

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 22 to the interim condensed consolidated financial information in this report, 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 5 to the interim condensed consolidated financial information in this report.

FINANCIAL GUARANTEE CONTRACTS AND CONTINGENT LIABILITIES

Save as shown in the above note 20 to the interim condensed consolidated financial information in this report, as at 30 June 2026, the Directors were not aware of any other material financial guarantees and contingent liabilities.

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 21 to the interim condensed consolidated financial information in this report.

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 were 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 POLICY

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.

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

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

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 creative 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 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 an employee 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.

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.

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

EXTRACT OF INDEPENDENT AUDITOR'S REVIEW REPORT TO THE BOARD

The following is an extract of the Independent Auditor's Review Report to the Board 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 report. 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 report. 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 will also engage 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 and Other Information

CORPORATE GOVERNANCE

During the six months ended 30 June 2026 (the "**Period under Review**"), China High Speed Transmission Equipment Group Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") 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 (the "**Stock Exchange**"), 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 (the "**Chairman**") of the board (the "**Board**") of directors (the "**Director(s)**") of the Company 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.

DIRECTORS

The Directors during the Period under Review and up to 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)*

Non-executive Director:

Mr. Ye Xingming *(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)*

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 dates. 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 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 end of the Period under Review. The Company will continue to ensure compliance with the Model Code.

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.

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)).

NON-COMPLIANCE WITH THE LISTING RULES

Upon Ms. Jiang Jianhua's resignation as independent non-executive Director and ceased to be, among others, a member of the nomination committee of the Company (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 CG 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 CG Code.

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

As at 30 June 2026, the interests and short positions of the Directors and the chief executives of the Company in the shares (the "**Share(s)**"), underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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 Gear Manufacturing Co., Ltd. ("**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 30 June 2026.

* *For identification purpose only*

Corporate Governance and Other Information

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 30 June 2026, 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 5)*
Five Seasons XVI Limited *(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%
Wang Hung, Roger 王恒 ("**Mr. Wang**")	Beneficial owner	52,862,000 (Long Position) *(Note 3)*	3.23%
	Trustee	29,073,000 (Long Position) *(Note 4)*	1.78%
Wang Hsu Vivine H 王徐貞賢 ("**Mrs. Wang**")	Interest of the spouse	52,862,000 (Long Position) *(Note 3)*	3.23%
	Beneficiary of a trust (other than a discretionary interest)	29,073,000 (Long Position) *(Note 4)*	1.78%

Notes:

1 Five Seasons XVI Limited, 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 Mrs. Wang is the spouse of Mr. Wang. By virtue of the SFO, Mrs. Wang is deemed to be interested in 52,862,000 Shares held by Mr. Wang.

4 29,073,000 Shares are beneficially held by The 2004 RVJD Family Trust, of which Mr. Wang is the trustee and Mrs. Wang is the beneficiary.

5 The approximate percentage has been calculated based on a total of 1,635,291,556 Shares in issue as at 30 June 2026.

Save as disclosed above and so far as the Directors are aware, as at 30 June 2026, 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.

Report on Review of Interim Condensed Consolidated Financial Statements

Prism

To the board of directors of China High Speed Transmission Equipment Group Co., Ltd.
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements (the "Interim Financial Statements") of China High Speed Transmission Equipment Group Co., Ltd. (the "Company") set out on pages 30 to 62, which comprise the condensed consolidated statement of financial position as at 30 June 2026, and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these Interim Financial Statements in accordance with IAS 34. Our responsibility is to express a conclusion on these Interim Financial Statements based on our review, and to report our conclusion 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.

SCOPE OF REVIEW

We conducted our review 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. A review of these Interim Financial Statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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.

BASIS FOR QUALIFIED CONCLUSION *(continued)*

Trade receivables, prepayments and related impairment arising from trading business and related party balances *(continued)*

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.

OTHER MATTER

The comparative condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period ended 30 June 2025 and the relevant explanatory notes included in these Interim Financial Statements were reviewed by another firm of practitioners who was not the auditor of the Group and who expressed a qualified conclusion on that interim financial information on 29 August 2025.

CLA Prism Hong Kong Limited
Certified Public Accountants

Hong Kong, 27 August 2026

Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2026

		Unaudited	
		Six months ended 30 June	
		2026	2025
	Notes	**RMB'000**	RMB'000
Revenue from contracts with customers	5	**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	6	**176,125**	157,888
Other losses – net	7	**(236,659)**	(396,199)
Operating profit		**439,139**	469,477
Finance income	9	**67,872**	42,545
Finance costs	9	**(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	10	**(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)			
Basic and diluted earnings/(loss) per share	11	**0.020**	(0.083)

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

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2026

	Unaudited Six months ended 30 June 2026 RMB'000	 2025 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

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

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2026

	Notes	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
Non-current assets			
Property, plant and equipment	13	**9,507,426**	9,738,725
Right-of-use assets	13	**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")	14	**1,223,168**	1,242,962
Financial assets at fair value through profit or loss ("FVPL")	15	**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	16	**5,736,528**	5,965,124
Other receivables	16	**1,141,078**	1,206,864
Prepayments		**414,138**	438,519
Financial assets at FVOCI	14	**2,605,967**	3,323,219
Financial assets at FVPL	15	**132,159**	157,131
Income tax recoverable		**32,675**	45,860
Pledged bank deposits	17	**3,341,251**	3,143,328
Cash and cash equivalents	17	**4,950,604**	5,643,539
		26,438,175	26,450,230

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

As at 30 June 2026

	Notes	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
Current liabilities			
Trade payables	18	**4,789,089**	4,378,757
Bills payable	18	**5,300,513**	5,784,324
Other payables	18	**1,826,928**	1,951,996
Contract liabilities		**1,245,523**	1,236,917
Borrowings	19	**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	19	**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

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

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026

	Attributable to owners of the Company					
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025 (audited)	119,218	7,084,098	1,196,770	8,400,086	4,159,199	12,559,285
(Loss)/profit for the period	–	–	(136,061)	(136,061)	377,680	241,619
Other comprehensive income/(expense) for the period	–	41,151	–	41,151	(313)	40,838
Total comprehensive income/(expense) for the period	–	41,151	(136,061)	(94,910)	377,367	282,457
At 30 June 2025 (unaudited)	119,218	7,125,249	1,060,709	8,305,176	4,536,566	12,841,742
At 1 January 2026 (audited)	**119,218**	**6,999,869**	**1,341,026**	**8,460,113**	**4,884,519**	**13,344,632**
Profit for the period	**–**	**–**	**32,936**	**32,936**	**232,293**	**265,229**
Other comprehensive expense for the period	**–**	**(44,309)**	**–**	**(44,309)**	**(32,504)**	**(76,813)**
Total comprehensive (expense)/income for the period	**–**	**(44,309)**	**32,936**	**(11,373)**	**199,789**	**188,416**
At 30 June 2026 (unaudited)	**119,218**	**6,955,560**	**1,373,962**	**8,448,740**	**5,084,308**	**13,533,048**

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

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026

	Note	Unaudited Six months ended 30 June 2026 RMB'000	 2025 RMB'000
Cash flows from operating activities			
Cash generated from operations		**390,612**	1,088,621
Income tax paid		**(137,333)**	(136,821)
Net cash generated from operating activities		**253,279**	951,800
Cash flows from investing activities			
Placements of pledged bank deposits		**(4,227,853)**	(4,291,092)
Withdrawal of pledged bank deposits		**4,029,930**	3,805,345
Dividends received from financial assets at FVOCI and FVPL	6	**662**	633
Purchase of property, plant and equipment		**(319,332)**	(633,279)
Proceeds from disposal of property, plant and equipment		**14,847**	1,229
Interest received		**58,492**	43,482
Receipt of government grants		**27,018**	38,542
Receipt of consideration receivable		**10,000**	–
Net cash used in investing activities		**(406,236)**	(1,035,140)
Cash flows from financing activities			
Proceeds from bank borrowings		**1,674,507**	2,730,501
Repayment of bank borrowings		**(1,941,678)**	(2,392,359)
Interest paid		**(161,097)**	(184,842)
Net cash (used in)/generated from financing activities		**(428,268)**	153,300
Net (decrease)/increase in cash and cash equivalents		**(581,225)**	69,960
Cash and cash equivalents at the beginning of the period		**5,643,539**	3,874,219
Exchange (losses)/gains on cash and cash equivalents		**(111,710)**	7,986
Cash and cash equivalents at the end of the period		**4,950,604**	3,952,165

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

Notes to the Interim Condensed Consolidated Financial Information

1 GENERAL INFORMATION

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

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

As at 30 June 2026, total shares of the Company were approximately 1,635,291,000 (31 December 2025: 1,635,291,000).

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

This interim condensed consolidated financial information was approved for issue by the Board of Directors on 27 August 2026.

2 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 3.

2 BASIS OF PREPARATION *(continued)*

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

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

This interim condensed consolidated financial information 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.

2 BASIS OF PREPARATION *(continued)*

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.

3 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.

4 FAIR VALUE ESTIMATION

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2026 and 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 price at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

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

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

The following tables set out the Group's financial assets that were measured at fair value as at 30 June 2026 and 31 December 2025:

Recurring fair value measurements At 30 June 2026 (unaudited)	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at FVPL	**–**	**–**	**311,098**	**311,098**
Financial assets at FVOCI	**28,282**	**–**	**3,800,853**	**3,829,135**
	28,282	**–**	**4,111,951**	**4,140,233**
At 31 December 2025 (audited)				
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

4 FAIR VALUE ESTIMATION *(continued)*

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

There were no transfers among levels during the six months ended 30 June 2026 and 2025.

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 30 June 2026 and 31 December 2025.

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

The following table presents the changes in level 3 items for the six months ended 30 June 2026 and 2025:

	Financial assets at FVPL		Financial assets at FVOCI		Financial assets
	Unlisted equity investments RMB'000	Trade receivables RMB'000	Unlisted equity investments RMB'000	Bills receivables RMB'000	Total RMB'000
At 1 January 2025 (audited)	429,987	101,454	1,281,519	3,348,203	5,161,163
Additions	–	368,340	–	11,250,288	11,618,628
Disposals	–	(276,279)	–	(12,182,409)	(12,458,688)
Losses recognised in profit or loss	(423,300)	(5,215)	–	–	(428,515)
Gains recognised in other comprehensive income	–	–	41,005	4,996	46,001
At 30 June 2025 (unaudited)	6,687	188,300	1,322,524	2,421,078	3,938,589
At 1 January 2026 (audited)	**263,971**	**154,190**	**1,206,600**	**3,323,219**	**4,947,980**
Additions	**–**	**298,557**	**–**	**9,240,301**	**9,538,858**
Disposals	**–**	**(324,615)**	**–**	**(9,960,512)**	**(10,285,127)**
(Losses)/gains recognised in profit or loss	**(82,091)**	**1,086**	**–**	**–**	**(81,005)**
(Losses)/gains recognised in other comprehensive income	**–**	**–**	**(11,714)**	**2,959**	**(8,755)**
At 30 June 2026 (unaudited)	**181,880**	**129,218**	**1,194,886**	**2,605,967**	**4,111,951**

4 FAIR VALUE ESTIMATION *(continued)*

(ii) Valuation inputs and relationships to fair value

Financial instruments	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Financial assets at FVPL – Unlisted equity investments – Trade receivables	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	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
		Market approach	Price-to-book multiples; share price changes multiples;	The higher the price-to-book multiples, the higher the fair value; the higher the share price changes multiples, the higher the fair value;

(iii) Sensitivity analysis

The sensitivity analysis has been determined based on the change of rate of return in isolation used in the expected future cash flows that reflect the expected risk level of the financial assets at the end of each of the reporting periods. If the respective rate of return of the respective financial assets had been 10% higher/lower, the total comprehensive income (net of tax) for the six months ended 30 June 2026 would have increased/decreased by approximately RMB9,737,000 (six months ended 30 June 2025: RMB3,545,000) as a result of the changes in fair value of the financial assets.

5 REVENUE AND OPERATING SEGMENT INFORMATION

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

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

(a) wind and industrial gear transmission equipment segment: design, 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; and

(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.

5 REVENUE AND OPERATING SEGMENT INFORMATION

(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

5 REVENUE AND OPERATING SEGMENT INFORMATION *(continued)*

(a) Segment information *(continued)*

	Wind and industrial gear transmission equipment RMB'000	Rail transportation gear transmission equipment RMB'000	Trading business RMB'000	Others RMB'000	Total RMB'000
For the six months ended 30 June 2026 (unaudited)					
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
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

5 REVENUE AND OPERATING SEGMENT INFORMATION *(continued)*

(a) Segment information *(continued)*

	Wind and industrial gear transmission equipment RMB'000	Rail transportation gear transmission equipment RMB'000	Trading business RMB'000	Others RMB'000	Total RMB'000
For the six months ended 30 June 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

5 REVENUE AND OPERATING SEGMENT INFORMATION *(continued)*

(a) Segment information *(continued)*

	Wind and industrial gear transmission equipment RMB'000	Rail transportation gear transmission equipment RMB'000	Trading business RMB'000	Others RMB'000	Total RMB'000
For the six months ended 30 June 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

5 REVENUE AND OPERATING SEGMENT INFORMATION *(continued)*

(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 ("USA")	**915,128**	722,901
Europe	**74,907**	108,380
Other countries	**139,015**	350,359
	7,519,225	9,978,981

6 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

7 OTHER LOSSES – NET

	Unaudited Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Losses on disposal of property, plant and equipment, net (Note 13)	**(2,029)**	(2,031)
Foreign exchange (losses)/gains, net	**(146,499)**	41,631
Net fair value losses on financial assets at FVPL (Note 15(ii))	**(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)

8 EXPENSES BY NATURE

	Unaudited Six months ended 30 June 2026 RMB'000	 2025 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

9 FINANCE INCOME AND COSTS

	Unaudited Six months ended 30 June 2026 RMB'000	 2025 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)

10 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.

11 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 **RMB'000**	2025 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 earnings/(loss) per share for the six months ended 30 June 2026 and 2025 as there were no potential dilutive shares in issue.

12 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).

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

During the six months ended 30 June 2026, the Group acquired property, plant and equipment with a cost of approximately RMB323,455,000 (six months ended 30 June 2025: RMB405,473,000). The Group did not acquire any right-of-use assets during the six months ended 30 June 2026 and 2025.

Property, plant and equipment with a net book value of approximately RMB16,876,000 (six months ended 30 June 2025: RMB3,260,000) were disposed by the Group during the six months ended 30 June 2026, resulting in net losses on disposal of approximately RMB2,029,000 (six months ended 30 June 2025: net losses on disposal of approximately RMB2,031,000).

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(i) Classification of financial assets at FVOCI

Financial assets measured at FVOCI include the following:

	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
Non-current assets		
Listed equity investments (Note (a))	**28,282**	36,362
Unlisted equity investments (Note (b))	**1,194,886**	1,206,600
	1,223,168	1,242,962
Current asset		
Debt investments – bills receivables (Note (c))	**2,605,967**	3,323,219
	3,829,135	4,566,181

Notes:

(a) **Listed equity investments**

Listed equity investments comprised the following individual investments:

	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
Riyue Heavy Industry Co., Ltd.	**8,515**	11,039
Sany Renewable Energy Co., Ltd.	**19,767**	25,323
	28,282	36,362

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

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

(b) Unlisted equity investments

Unlisted equity investments comprise the following individual investments:

	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
Zhejiang Zheshang Chanrong Equity Investment Fund L.P. (Note)	**1,186,000**	1,197,000
Others	**8,886**	9,600
	1,194,886	1,206,600

Note:

As at 30 June 2026, the investment in Zhejiang Zheshang Chanrong had a fair value of RMB1,186,000,000 (31 December 2025: RMB1,197,000,000) and a fair value loss of RMB11,000,000 (six months ended 30 June 2025: fair value gain of RMB41,000,000) was recognised in other comprehensive income for the six months ended 30 June 2026. The fair value of Zhejiang Zheshang Chanrong was revalued on 30 June 2026 and 31 December 2025 based on market approach performed by the independent professional qualified valuer.

(c) Debt investments – bills receivables

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

For the six months ended 30 June 2026, fair value gain of approximately RMB2,959,000 (six months ended 30 June 2025: fair value gain of RMB4,996,000) for bills receivables measured at FVOCI are recognised in other comprehensive income.

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

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

For the six months ended 30 June 2026 and 2025, the following gains/(losses) were recognised in profit or loss and other comprehensive income.

	Unaudited Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
(Losses)/gains recognised in other comprehensive income	**(16,834)**	40,584
Dividend from equity investments held at FVOCI recognised in "Other income" in the profit or loss	**662**	633

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(i) Classification of financial assets at FVPL

Financial assets measured at FVPL include the following:

	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
Non-current asset		
Unlisted equity investments (Note (a))	**178,939**	261,030
Current assets		
Trade receivables measured at FVPL	**129,218**	154,190
Unlisted equity investments	**2,941**	2,941
	132,159	157,131
	311,098	418,161

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

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

Note:

(a) Unlisted equity investments

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

As at 30 June 2026, the investment in Ningbo Nangao Jingchuan, Ningbo Gaona Jingte and Ningbo Gaotai Jingli had a fair value of RMB15,782,000, RMB110,640,000 and RMB52,517,000 (31 December 2025: RMB85,564,000, RMB110,646,000 and RMB64,820,000) respectively, and an aggregate fair value loss of RMB82,091,000 (six months ended 30 June 2025: fair value loss of RMB423,300,000) was recognised in profit or loss during the six months ended 30 June 2026.

(ii) Amounts recognised in profit or loss

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

	Unaudited Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Fair value losses on equity investments at FVPL recognised in other gains – net (Note 7)	**(82,091)**	(423,300)
Fair value gains/(losses) on debt investments at FVPL recognised in other gains – net (Note 7)	**1,086**	(5,215)
	(81,005)	(428,515)

16 TRADE AND OTHER RECEIVABLES

	Notes	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
Trade receivables	(i)		
– Customers in trading business referred to Note 24		**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 referred to Note 24		**(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
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.

16 TRADE AND OTHER RECEIVABLES *(continued)*

Note: *(continued)*

(ii) The balance represented redemption receivable on the insurance products purchased from an insurance company. In February 2023, the Group submitted an early redemption request to the insurance company to redeem all 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 report, 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

16 TRADE AND OTHER RECEIVABLES *(continued)*

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 **RMB'000**	2025 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

17 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	Unaudited **30 June** **2026** **RMB'000**	Audited 31 December 2025 RMB'000
Cash at banks and on hand	**8,291,855**	8,786,867
Less: Pledged bank deposits	**(3,341,251)**	(3,143,328)
Cash and cash equivalents	**4,950,604**	5,643,539

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

18 TRADE, BILLS AND OTHER PAYABLES

	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 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 20)	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 RMB'000	Audited 31 December 2025 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

19 BORROWINGS

	Unaudited 30 June 2026 Effective interest rate %	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 Effective interest rate %	Audited 31 December 2025 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 22. 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.

20 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.

20 FINANCIAL GUARANTEES *(continued)*

(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).

21 CAPITAL COMMITMENTS

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

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

22 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 30 June 2026 RMB'000	Audited 31 December 2025 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

23 RELATED PARTY TRANSACTIONS

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

(b) Outstanding balances with related parties:

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

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

	Unaudited Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Fees	674	552
Salaries and other benefits	2,481	7,044
	3,155	7,596

24 IMPAIRMENT LOSSES ON TRADE RECEIVABLES AND PREPAYMENTS IN TRADING BUSINESS

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