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Hebei Yichen Industrial Group Corporation Limited*

河北翼辰實業集團股份有限公司

(A joint stock limited liability company incorporated in the People's Republic of China)

(Stock Code: 1596)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- Operating revenue amounted to approximately RMB1,090.7 million, representing a decrease of approximately 8.8% compared with that of 2023.
- Gross profit amounted to approximately RMB253.1 million, representing a decrease of approximately 13.1% compared with that of 2023.
- Total losses amounted to approximately RMB57.5 million, representing a decrease of approximately 214.7% compared with total profit of 2023.
- Net losses attributable to owners of the parent amounted to approximately RMB50.6 million, representing a decrease of approximately 202.4% compared with that of 2023; total comprehensive losses for 2024 amounted to approximately RMB50.8 million, representing a decrease of approximately 201% compared with that of 2023.
- For the year ended 31 December 2024, the basic and diluted losses per share amounted to approximately RMB0.06.

FINAL DIVIDEND

- The board of directors recommend the payment of the final dividend for the year ended 31 December 2024 of RMB0.0168 per share (tax inclusive), with an aggregate amount of RMB15,083,712.

* For identification purpose only

FINANCIAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Hebei Yichen Industrial Group Corporation Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “**Group**”, “**we**” or “**us**”) for the year ended 31 December 2024 (the “**year under review**”), together with comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

		For the 12 months ended 31 December	
		2024	2023
		RMB(’000)	RMB(’000)
		(Unaudited)	(Audited)
	Notes		
I. Total operating revenue	5	1,090,750	1,196,146
II. Total operating cost	5	1,009,772	1,085,221
Including: Operating cost		837,626	904,796
Taxes and surcharges		13,474	14,273
Selling expenses		20,678	19,793
Management expenses		92,528	95,520
Research and development expenses		27,420	33,329
Finance costs		18,046	17,510
Including: Interest costs		18,054	18,660
Interest income		1,276	2,431
Add: Other income		4,095	8,218
Investment gains/(losses)		15,114	(33,496)
Including: Gains on investments in associates and joint ventures		23,635	34,362
Gains/(losses) from changes in fair value		(59,643)	19,019
Loss on credit impairment		(64,176)	(36,895)
Impairment loss of assets		(34,802)	(18,865)
Gains on disposal of assets		—	—
III. Operating profits/(losses)		(58,435)	48,906
Add: Non-operating incomes		1,528	1,522
Less: Non-operating expenses		599	297
IV. Total profit/(losses)		(57,506)	50,131
Less: Income tax expenses	6	(6,676)	(172)

CONSOLIDATED INCOME STATEMENT (Continued)*For the year ended 31 December 2024*

		For the 12 months ended	
		31 December	
		2024	2023
		RMB('000)	RMB('000)
	<i>Notes</i>	(Unaudited)	(Audited)
V. Net profit/(losses)		(50,830)	50,303
(I) Classified according to continuity:			
1. Net profit/(losses) from continuing operations		(50,830)	50,303
2. Net profit from discontinued operations			
(II) Classified according to equity holdings:			
1. Net profit/(losses) attributable to owners of the parent		(50,610)	49,445
2. Profit or loss of minority interests		(220)	858
VI. Total other comprehensive income		—	—
Total comprehensive income attributable to owners of the parent		—	—
Changes in fair value of other equity instruments investment		—	—
Total comprehensive income attributable to minority interests		—	—
VII. Total comprehensive income/(losses)		(50,830)	50,303
Total comprehensive income/(losses) attributable to owners of the parent		(50,610)	49,445
Total comprehensive income/(losses) attributable to minority interests		(220)	858
VIII. Earnings per share:			
Basic earnings/(losses) per share (<i>RMB</i>)	7	(0.06)	0.06
Diluted earnings/(losses) per share (<i>RMB</i>)		(0.06)	0.06

CONSOLIDATED BALANCE SHEET

As at 31 December 2024

		31 December 2024	31 December
		RMB('000)	2023
	<i>Notes</i>	(Unaudited)	<i>RMB('000)</i>
			(Audited)
Current assets:			
Monetary capital		157,849	132,087
Financial assets held for trading		–	101,346
Notes receivable	8	54,689	72,234
Accounts receivable	9	1,193,124	1,188,868
Financing of receivables		12,520	3,250
Prepayments		31,444	19,801
Other receivables		7,962	10,036
Inventories		422,598	355,301
Contract assets		30,097	38,934
Other current assets		20,047	26,457
		<hr/>	<hr/>
Total current assets		1,930,330	1,948,314
		<hr/>	<hr/>
Non-current assets:			
Long-term equity investments		309,309	281,807
Other equity instruments investment		18,197	8,197
Fixed assets		689,661	709,720
Construction in progress		196,498	157,137
Right-of-use assets		1,226	–
Intangible assets		142,578	138,296
Goodwill		59,836	73,408
Long-term deferred expenses		673	856
Deferred income tax assets		57,236	33,161
Other non-current assets		96,172	88,295
		<hr/>	<hr/>
Total non-current assets		1,571,386	1,490,877
		<hr/>	<hr/>
Total assets		3,501,716	3,439,191
		<hr/>	<hr/>

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2024

		31 December 2024	31 December
		RMB('000)	RMB('000)
	<i>Notes</i>	(Unaudited)	(Audited)
Current liabilities			
Short-term borrowings		125,640	198,145
Notes payable	<i>10</i>	53,000	32,595
Accounts payable	<i>11</i>	391,730	350,349
Contract liabilities		10,913	14,747
Payroll payable		7,603	6,010
Tax payable		15,285	18,602
Other payables		19,739	22,517
Non-current liabilities due within one year		92,863	158,340
Other current liabilities		908	3,904
Total current liabilities		717,681	805,209
Non-current liabilities			
Long-term borrowings		384,301	150,310
Lease liabilities		632	–
Deferred income		4,246	4,478
Deferred income tax liabilities		265	290
Total non-current liabilities		389,444	155,078
Total liabilities		1,107,125	960,287
Owner's equity			
Share capital		448,920	448,920
Capital reserve		813,934	813,539
Less: Treasury stock		24,878	–
Other comprehensive income		(124)	(124)
Surplus reserve		156,495	156,495
Undistributed profits		987,319	1,046,930
Total equity attributable to owners of the parent		2,381,666	2,465,760
Minority interests		12,925	13,144
Total owner's equity		2,394,591	2,478,904
Total liabilities and owner's equity		3,501,716	3,439,191

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the People's Republic of China (the “**PRC**”) on 9 April 2001. The addresses of the Company's registered offices are No.1, Yichen North Street, Gaocheng District, Shijiazhuang City, Hebei Province, the PRC and No. 268 Lianzhou East Road, Gaocheng District, Shijiazhuang City, Hebei Province, the PRC.

The Group is principally engaged in research and development, manufacturing and sales of rail fastening system products, welding wire products and railway sleeper products.

On 21 December 2016, the H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The existing share capital of the Company is RMB448,920,000 and the total number of shares is 897,840,000 with a nominal value of RMB0.50 per share.

Unless otherwise stated, the financial information for the year ended 31 December 2024 is presented in Renminbi (“**RMB**”) thousands.

The consolidated results for the year ended 31 December 2024 have not been audited by the auditors of the Company, but have been reviewed by the Audit Committee of the Company.

2 BASIS OF PREPARATION

These financial statements are prepared based on a going concern basis and based on actual transactions and events according to the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and relevant regulations (hereinafter collectively referred to as “**PRC Accounting Standards**”), as well as disclosure requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and Hong Kong Companies Ordinance, and based on the accounting policies and estimates applicable to the Group.

3 CHANGES IN ACCOUNTING POLICIES ARISING FROM ALTERATION IN ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The Company has adopted the provision of “Classification of liabilities as current or non-current” under Interpretation No. 17 of the Accounting Standards for Business Enterprises issued by the Ministry of Finance since 1 January 2024. Such changes in the accounting policies have no impact on the Company's financial statements.

The Company has adopted the provision of “Disclosure of supplier finance arrangements” under Interpretation No. 17 of the Accounting Standards for Business Enterprises issued by the Ministry of Finance since 1 January 2024. Such change in the accounting policies has no impact on the Company's financial statements.

The Company has adopted the provision of “Accounting treatment of sale and leaseback transactions” under Interpretation No. 17 of the Accounting Standards for Business Enterprises issued by the Ministry of Finance since 1 January 2024. Such changes in the accounting policies have no impact on the Company's financial statements.

The Company has adopted the provision of “Accounting treatment of the guarantee-type quality assurance that do not fall within the category of standalone performance obligation” under Interpretation No. 18 of the Accounting Standards for Business Enterprises issued by the Ministry of Finance since 1 January 2024. Such changes in the accounting policies have no impact on the Company's financial statements.

4 SEGMENT INFORMATION

The Group's segment information is presented on the basis of internal reports that are regularly reviewed by the Group's Executive Committee (the chief operating decision maker), in order to allocate resources to the segments and assess their performance. For each of the Group's reportable segments, the Group's Executive Committee conducts at least one monthly review on its internal management reports.

The management has determined the reportable segments based on these reports. The Group determines its business from a product perspective:

- Rail fastening system products: research and development, manufacturing and sales of rail fastening system products
- Welding wire products: research and development, manufacturing and sales of flux cored wire and solid welding wire products
- Railway sleeper products: research and development, manufacturing and sales of railway sleeper products

The management defines segment results based on gross profit. Segment assets and liabilities are not regularly reported to the Group's chief operating decision maker and therefore information of reportable segment assets and liabilities is not presented. Information about the reportable segments and reconciliations of the reportable segments results is as follows:

The segment information for 2024 and 2023 is listed as follows:

Items	Rail fastening system		Welding wires	
	2024 RMB('000)	2023 RMB('000)	2024 RMB('000)	2023 RMB('000)
Total revenue	674,208	692,228	310,594	382,209
Inter-segment revenue	—	—	—	—
Revenue from external customers	<u>674,208</u>	<u>692,228</u>	<u>310,594</u>	<u>382,209</u>
Total operating cost	<u>(440,135)</u>	<u>(437,103)</u>	<u>(310,636)</u>	<u>(373,770)</u>
Segment gross profit	<u>234,073</u>	<u>255,125</u>	<u>(41)</u>	<u>8,439</u>
Other profit or loss disclosure:				
Depreciation and amortisation	50,900	32,434	14,035	17,578
Provision for impairment of receivables	(61,416)	(31,388)	(419)	(1,835)
Impairment of inventories	(16,588)	(7,693)	(1,960)	(1,379)
Finance costs	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

	Railway sleepers		Others	
	2024	2023	2024	2023
	RMB('000)	RMB('000)	RMB('000)	RMB('000)
Total revenue	92,326	112,854	13,622	8,855
Inter-segment revenue	—	—	—	—
Revenue from external customers	92,326	112,854	13,622	8,855
Total operating cost	(74,840)	(88,924)	(12,015)	(4,999)
Segment gross profit	17,486	23,930	1,607	3,856
Other profit or loss disclosure:				
Depreciation and amortisation	4,789	4,700	—	407
Provision for impairment of receivables	(4,809)	(7,788)	26	5
Impairment of inventories	(241)	(16)	—	—
Finance costs	—	—	18,046	17,510
			Total	
			2024	2023
			RMB('000)	RMB('000)
Total revenue			1,090,750	1,196,146
Inter-segment revenue			—	—
Revenue from external customers			1,090,750	1,196,146
Total operating cost			(837,626)	(904,796)
Total gross profit			253,124	291,350
Other profit or loss disclosure:				
Depreciation and amortisation			69,724	55,119
Provision for/(reversal of) impairment of receivables			(66,618)	(41,006)
Impairment of inventories			(18,789)	(9,088)
Finance costs			18,046	17,510

5 OPERATING REVENUE/OPERATING COST

Items	2024 RMB('000)		2023 RMB('000)	
	Revenue	Cost	Revenue	Cost
Revenue from principal business	1,079,409	827,684	1,187,291	899,797
Other operating revenue	11,341	9,942	8,855	4,999
Total	<u>1,090,750</u>	<u>837,626</u>	<u>1,196,146</u>	<u>904,796</u>

6 INCOME TAX EXPENSES

Items	2024 RMB('000)	2023 RMB('000)
Current income tax expenses	17,425	21,580
Deferred income tax expenses	<u>(24,101)</u>	<u>(21,752)</u>
Total	<u>(6,676)</u>	<u>(172)</u>

Income tax expenses are derived from reconciliation of income tax calculated by applicable tax rates based on total profit in the consolidated income statement.

Items	2024 RMB('000)	2023 RMB('000)
Total profit/(losses)	(57,506)	50,131
Income tax expenses calculated by the applicable tax rates of the parent	(8,626)	7,543
Effect of different tax rates applicable to subsidiaries	(1,499)	(183)
Effect of adjusting income tax from prior periods	1,650	(3,026)
Effect of non-taxable income	(3,545)	(5,154)
Effect of non-deductible costs, expenses and losses	506	465
Effect of utilising deductible temporary differences or deductible losses of unrecognised deferred income tax assets in prior periods	(3)	—
Effect of deductible temporary differences or deductible losses of unrecognised deferred income tax assets during the period	4,465	1,550
Effect of additional deduction on research and development expense, salaries of disabled employees and fixed assets	(1,660)	(2,217)
Others	2,036	850
Income tax expenses	<u>(6,676)</u>	<u>(172)</u>

7 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to owners of the parent of the Company by the weighted average number of ordinary shares in issue during the period.

Items	2024 RMB('000)	2023 RMB('000)
Net profit/(losses) attributable to owners of the parent of the Company	(50,610)	49,445
Weighted average number of ordinary shares in issue	894,618	897,840
Basic earnings/(losses) per share (<i>RMB per share</i>)	(0.06)	0.06

There were no potential dilutive ordinary shares for the years ended 31 December 2023 and 2024. Diluted earnings/(losses) per share were equal to basic earnings/(losses) per share.

8 NOTES RECEIVABLE

Items	31 December 2024 RMB('000)	31 December 2023 RMB('000)
Book balance of notes receivable	55,672	72,783
Less: Provision for bad debts	983	549
Book value of notes receivable	54,689	72,234

Notes receivable consisted of bank acceptance notes and trade acceptance notes with average maturity periods within six months.

9 ACCOUNTS RECEIVABLE

(a) Breakdown

Items	31 December 2024 RMB('000)	31 December 2023 RMB('000)
Book balance of accounts receivable	1,490,849	1,423,357
Less: Provision for bad debts	297,725	234,489
Book value of accounts receivable	1,193,124	1,188,868

(b) An ageing analysis of accounts receivable based on the accounting date is set out as follows

Items	31 December 2024 RMB('000)	31 December 2023 RMB('000)
Within 1 year	721,712	751,571
1 to 2 years	313,721	357,967
2 to 3 years	213,020	134,979
Over 3 years	242,396	178,840
Total	1,490,849	1,423,357

Most of the accounts receivable are denominated in RMB, and their carrying amounts approximate their fair values.

10 BILLS PAYABLE

Items	31 December 2024 RMB('000)	31 December 2023 RMB('000)
Bills payable	53,000	32,595
Total	53,000	32,595

11 ACCOUNTS PAYABLE

(a) Breakdown

Items	31 December 2024 RMB('000)	31 December 2023 RMB('000)
Accounts payable	391,730	350,349
Total	391,730	350,349

(b) An ageing analysis of accounts payable based on the accounting date is set out as follows

Items	31 December 2024 RMB('000)	31 December 2023 RMB('000)
Within 1 year	328,096	280,977
Over 1 year	63,634	69,372
Total	391,730	350,349

12 DIVIDENDS

	2024 RMB('000)	2023 RMB('000)
Dividends paid/declared	15,084	9,000

- (i) The final dividend for the year ended 31 December 2023 amounting to RMB8,999,948 (approximately RMB0.010024 per share (tax inclusive)) was approved by the shareholders at the annual general meeting of the Company held on 30 May 2024 and paid in July 2024.
- (ii) Pursuant to a resolution of the Board on 27 March 2025, it is proposed at the annual general meeting of the Company to be held on 29 May 2025 to distribute a dividend of approximately RMB0.0168 per share (tax inclusive) for the year ended 31 December 2024, with total dividends amounting to RMB15,083,712, which is subject to approval by the shareholders of the Company. The dividends payable were not reflected in these consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW AND ANALYSIS

In 2024, China's economy showed a trend of steady growth. According to the data released by the National Bureau of Statistics, the GDP for 2024 increased by 5.0% year-on-year at constant prices.

According to the National Railway Administration, in 2024, the fixed asset investments in national railways amounted to RMB850.6 billion, representing a year-on-year increase of 11.3%, which continued to remain at a high level, with new lines of 3,113 kilometers added to the operation, of which 2,457 kilometers were high-speed railway, making a remarkable achievement in railway construction.

Centering on the 102 key railway construction projects and “Two Key Constructions” projects as specified in the Outline of the National “14th Five-Year Plan”, China State Railway Group Co., Ltd. (“**State Railway Group**”) has stepped up efforts to facilitate such implementation. 17 projects, including the Yichang-Fuling High-speed Railway (Chongqing section), the Longyan-Longchuan High-speed Railway (Wuping-Meizhou West section), Lanzhou-Zhangye High-speed Railway (Wuwei-Zhangye section), have commenced construction and 42 projects, including the Hangzhou-Yiwu-Wenzhou High-speed Railway, Chizhou-Huangshan High-speed Railway, Shanghai-Suzhou-Huzhou High-speed Railway have been put into operation. After in-depth preliminary work of projects with focus on network, supplementary network and chain strengthening, the feasibility studies of 20 projects have been approved, including the capacity expansion and renovation project of Jiamusi-Tongjiang Railway. The construction of logistics infrastructure to complete 44 special railway lines and 12 logistics bases had also been accelerated. During the year, the Company firmly grasped the opportunities of railway construction and development in China by actively participating in the construction of high-speed railways, heavy-haul railways and urban rail transit in various regions, to ensure the safe, stable and efficient operation of railways with high-quality products and services.

BUSINESS REVIEW

The Group is a leading rail fastening system product provider in the People's Republic of China (the “**PRC**”), with its major business focused on three business segments, including (1) rail fastening system products; (2) welding wire products; and (3) railway sleeper products. In 2024, total revenue of the Group amounted to approximately RMB1,090.7 million, representing a decrease of approximately 8.8%.

Rail Fastening System Products

For the year ended 31 December 2024, the revenue from rail fastening system products amounted to approximately RMB674.2 million, accounting for approximately 61.8% of the Group's total revenue and representing a decrease of approximately 2.6% over the revenue of approximately RMB692.2 million from this segment in 2023. This was resulted from the decrease in shipments of rail fastening system products in 2024 impacted by the construction progress of railways.

During the year under review, the cost of sales relating to rail fastening system products slightly increased by approximately 0.7% from approximately RMB437.1 million in 2023 to approximately RMB440.1 million in 2024, which was mainly attributable to the decrease in shipment of high-speed rail products with higher gross profit impacted by the construction progress of railways during the year under review.

As a result of the decrease in revenue from rail fastening system products and changes in product structure, gross profit of rail fastening system products decreased by approximately 8.3% from approximately RMB255.1 million in 2023 to approximately RMB234.1 million in 2024. At the same time, the gross profit margin of rail fastening system products decreased from approximately 36.9% in 2023 to approximately 34.7% in 2024, which was mainly attributable to the decrease in shipment of high-speed rail products with higher gross profit impacted by the construction progress of railways during the year under review.

During the year under review, the Group's initial value of the agreements entered into on supplying rail fastening systems was approximately RMB1,118.9 million, representing a decrease of approximately 16.8% as compared to 2023. Specifically, the initial value of the agreements entered into on high-speed rail fastening systems amounted to approximately RMB816.4 million, representing a decrease of approximately 17.2% as compared to 2023; the initial value of the agreements entered into on urban transit fastening systems amounted to approximately RMB163.1 million; the initial value of the agreements entered into on heavy-haul rail fastening systems amounted to approximately RMB10.7 million; and the initial value of the agreements entered into on normal-speed rail fastening systems amounted to approximately RMB128.6 million. As of 31 December 2024, the backlog of the Group amounted to approximately RMB2,029.9 million (value-added tax included).

Welding Wire Products

For the year ended 31 December 2024, the revenue from welding wire products amounted to approximately RMB310.6 million, accounting for approximately 28.5% of the total revenue of the Group and representing a decrease of approximately 18.7% from approximately RMB382.2 million for the year of 2023. The decrease in revenue was mainly attributable to the decrease in shipment of welding wire products due to the impact of market competition during the year under review.

During the year under review, the cost of sales from welding wire products decreased by approximately 16.9% to approximately RMB310.6 million in 2024 from approximately RMB373.8 million in 2023, which was mainly attributable to the decrease in sales volume of welding wire products during the year under review.

The Group's revenue from welding wire products was mainly generated from the sales to shipbuilding companies and trading companies engaging in the shipbuilding industry. The Group expects to continue to collaborate with its existing major customers, and anticipates that such customers will continue to contribute to a significant portion of revenue of welding wire products in the future.

Railway Sleeper Products

For the year ended 31 December 2024, the revenue from railway sleeper products was approximately RMB92.3 million, accounting for approximately 8.5% of the Group's total revenue and representing a decrease of approximately 18.2% from approximately RMB112.9 million in 2023. The change in revenue was mainly attributable to the decrease in shipments of railway sleeper products during the year impacted by the construction progress of railways.

During the year under review, the cost of sales of railway sleeper products decreased by approximately 15.8% from approximately RMB88.9 million in 2023 to approximately RMB74.8 million in 2024, mainly attributable to the decrease in sales volume of railway sleeper products.

PERFORMANCE ANALYSIS AND DISCUSSION

Revenue

The Group's business operations mainly comprise research and development, manufacturing and sales of rail fastening system products, welding wire products and railway sleeper products. The above business segments have brought sustained and stable revenue to the Group. In 2024, the revenue of the Group decreased to approximately RMB1,090.7 million from approximately RMB1,196.1 million in 2023. The decrease of revenue was mainly attributable to the decrease in shipments during the year impacted by the construction progress of railways and market competition.

Revenue related to rail fastening system products decreased by approximately 2.6% to approximately RMB674.2 million in 2024 from approximately RMB692.2 million in 2023, which was attributable to the decrease in shipments of rail fastening system products during the year under review impacted by the construction progress of railways of the major customers.

Revenue related to welding wire products decreased by approximately 18.7% from approximately RMB382.2 million in 2023 to approximately RMB310.6 million in 2024. The decrease in revenue from welding wire products was mainly attributable to the decrease in sales volume of welding wire products during the year under review.

Revenue related to railway sleeper products decreased by approximately 18.2% from approximately RMB112.9 million in 2023 to approximately RMB92.3 million in 2024. The decrease in revenue from railway sleeper products was mainly attributable to the decrease in shipments of railway sleeper products during the year under review impacted by the construction progress of railways.

Apart from revenue from sales of rail fastening system products, welding wire products and railway sleeper products, the Group also received other operating revenue from sales of raw materials, provision of product processing services as well as electricity sales business.

Operating Cost

The Group's operating cost decreased by approximately 7.4% to approximately RMB837.6 million in 2024 from approximately RMB904.8 million in 2023. The decrease in cost during the year under review was mainly due to the decrease in product shipments.

Operating cost related to rail fastening system products increased by approximately 0.7% to approximately RMB440.1 million in 2024 from approximately RMB437.1 million in 2023. This fluctuation was mainly due to the decrease in shipments of high-speed railways products with higher gross profit impacted by the construction progress of railways during the year under review.

Operating cost related to welding wire products decreased by approximately 16.9% to approximately RMB310.6 million in 2024 from approximately RMB373.8 million in 2023. The decrease in cost was mainly attributable to the decrease in sales volume of welding wire series products during the year under review.

Operating cost related to railway sleeper products decreased by approximately 15.8% to approximately RMB74.8 million in 2024 from approximately RMB88.9 million in 2023. The decrease in cost was mainly attributable to the decrease in the sales volume of railway sleeper products during the year under review.

Gross Profit

Based on the aforesaid reasons, the Group recorded a gross profit of approximately RMB253.1 million in 2024, representing a year-on-year decrease of approximately 13.1% as compared to the gross profit of approximately RMB291.4 million in 2023, which was mainly due to the change in product structure of rail fastening system products and the decrease in gross profit of welding wire series products during the year under review.

Gross profit of rail fastening system products decreased by approximately 8.3% from approximately RMB255.1 million in 2023 to approximately RMB234.1 million in 2024, and the gross profit margin decreased from approximately 36.9% in 2023 to approximately 34.7% in 2024, which was mainly attributable to the decrease in shipments of high-speed railways products with higher gross profit impacted by the construction progress of railways during the year under review.

Gross profit of welding wire products decreased by approximately 100.2% to approximately RMB-0.04 million in 2024 from approximately RMB8.4 million in the same period of 2023. Gross profit margin decreased from approximately 2.2% in 2023 to approximately -0.01% in the same period of 2024. The negative gross profit of this series of products was mainly due to the decrease in the selling price of flux cored wire series products and the higher charge of depreciation cost per unit product as a result of the fierce market competition during the year under review.

Gross profit of railway sleeper products decreased by approximately 26.9% to approximately RMB17.5 million in 2024 from approximately RMB23.9 million in 2023. Gross profit margin decreased to approximately 18.9% in 2024 from approximately 21.2% in 2023. The decrease in gross profit margin was mainly due to the fact that the production capacity of the railway sleeper base in Southwest China was still increasing during the year under review, resulting in a higher unit production cost.

Selling Expenses

Selling expenses of the Group increased to approximately RMB20.7 million in 2024 from approximately RMB19.8 million in 2023. For the years ended 31 December 2023 and 2024, selling expenses as a percentage of total revenue accounted for approximately 1.7% and 1.9%, respectively. The increase in selling expenses was mainly attributable to the increase in the certification costs for product test of the Company during the year under review.

Management Expenses

Management expenses of the Group decreased to approximately RMB92.5 million in 2024 from approximately RMB95.5 million in 2023. For the years ended 31 December 2023 and 2024, management expenses as a percentage of total revenue accounted for approximately 8.0% and 8.5%, respectively. The decrease in management expenses was mainly due to the reduction in expenses by the Company, resulting in decrease in office expenses and low-value consumables during the year under review.

Research and Development Expenses

Research and development expenses of the Group decreased to approximately RMB27.4 million in 2024 from approximately RMB33.3 million in 2023. The decrease in research and development expenses was mainly due to the decrease in research and development investment for the year under review. For the years ended 31 December 2023 and 2024, research and development expenses as a percentage of total revenue accounted for approximately 2.8% and 2.5%, respectively.

Finance Costs

In 2024, the Group incurred total finance costs of approximately RMB18 million, representing a year-on-year increase of approximately 2.9% as compared to total finance costs of approximately RMB17.5 million in 2023. Under this category, interest income decreased by approximately 45.8% to approximately RMB1.3 million in 2024 from approximately RMB2.4 million in 2023. Interest costs decreased by approximately 3.2% to approximately RMB18.1 million in 2024 from approximately RMB18.7 million in 2023. The increase in finance costs was mainly due to decrease in interest income during the year under review.

Investment Gains/Losses

In 2024, the Group's investment gains totalled approximately RMB15.1 million while the investment losses totalled approximately RMB33.5 million in 2023, primarily caused by the change in price of Hong Kong listed company securities disposed during the year under review. The Group recorded an aggregate of approximately RMB23.6 million in share of investment gains from associates and joint ventures in 2024 while the share of investment gains were approximately RMB34.4 million in 2023. The decrease in the investment gains recorded from associates and joint ventures was mainly attributable to the change in the results of associates during the year under review.

Gains/Losses from Changes in Fair Value

The Group's losses from changes in fair value totalled approximately RMB59.6 million in 2024 while the gains from changes in fair value totalled approximately RMB19.02 million in 2023, which was mainly attributable to the change (up to the date of disposal) in price of Hong Kong listed company securities during the year under review.

Loss on Credit Impairment

Loss on credit impairment of the Group increased to approximately RMB64.2 million in 2024 from approximately RMB36.9 million in 2023. For the years ended 31 December 2023 and 2024, loss on credit impairment as a percentage of total revenue accounted for approximately 3.1% and 5.9%, respectively. The increase in loss on credit impairment was mainly due to the increase in loss on credit impairment under the expected credit loss ("ECL") model provided by the Company as a result of the longer cycle of recovery of loan receivables amid the sluggish macroeconomic environment.

Impairment Loss of Assets

Impairment loss of assets of the Group increased to approximately RMB34.8 million in 2024 from approximately RMB18.9 million in 2023. For the years ended 31 December 2023 and 2024, impairment loss of assets as a percentage of total revenue accounted for approximately 1.6% and 3.2%, respectively. The increase in impairment loss of assets was primarily due to the provision for impairment of inventories and the increase in impairment loss of goodwill during the year under review.

Total Profit/(Losses)

Based on the aforesaid reasons, the Group recorded total losses of approximately RMB57.5 million in 2024, representing a year-on-year decrease of approximately 214.7% as compared to total profit of approximately RMB50.1 million recorded in 2023, which was mainly attributable to (i) a decrease in the gross profit of Company's products for the year ended 31 December 2024 as affected by the construction progress of the railway projects and changes in the product structure; (ii) the change in the price of Hong Kong listed company securities originally held by the Company, resulting in increase in loss from changes in fair value and investment loss related to financial assets held for trading, and as of 31 December 2024, the Company no longer held Hong Kong listed company securities; and (iii) the increase in loss on credit impairment under the ECL model provided by the Company as a result of the longer cycle of recovery of loan receivables amid the sluggish macroeconomic environment.

Income Tax

Income tax expenses of the Group decreased to approximately RMB-6.7 million in 2024 from approximately RMB-0.2 million in 2023, which was mainly attributable to decrease in total profit during the year under review.

The applicable corporate income tax rate for the Company and its subsidiary Xingtai Juneng Railway Electrical Equipment Co, Ltd.* (邢臺炬能鐵路電氣器材有限公司) was 15% for 2024. The applicable tax rates for other subsidiaries in Mainland China were 25% and 20% for 2024.

* For identification purpose only

Net Profit/Losses

Based on the aforesaid reasons, the net profit decreased by approximately 201% from RMB50.3 million in 2023 to net losses of approximately RMB50.8 million in 2024. Net profit margin decreased to approximately -4.7% for the year under review from approximately 4.2% for the year ended 31 December 2023.

Net Profit/Losses Attributable to Owners of the Parent

The Group's net losses attributable to owners of the parent amounted to approximately RMB50.6 million in 2024, representing a decrease of approximately 202.4% from net profit of approximately RMB49.4 million in 2023. In 2024, basic losses per share amounted to approximately RMB0.06, as compared to the basic earnings per share of approximately RMB0.06 in 2023.

Financial Resources and Capital Structure

As at 31 December 2024, the Group had cash and cash equivalents of approximately RMB101 million, accounts receivable of approximately RMB1,193.1 million, accounts payable of approximately RMB391.7 million, and outstanding borrowings of approximately RMB602.2 million. As at 31 December 2024, the above cash and cash equivalents included approximately RMB0.7 million equivalents of Hong Kong dollars.

As at 31 December 2023, the Group had cash and cash equivalents of approximately RMB90.1 million, accounts receivable of approximately RMB1,188.9 million, accounts payable of approximately RMB350.3 million, and outstanding borrowings of approximately RMB506.7 million. As at 31 December 2023, the above cash and cash equivalents included approximately RMB0.7 million equivalents of Hong Kong dollars.

The Group usually satisfies its daily working capital requirements through self-owned cash and borrowings. In December 2016, the Company completed its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and issued a total of 224,460,000 H Shares. As at 31 December 2024, the outstanding borrowings of the Group included total short-term borrowings of approximately RMB125.6 million, total non-current liabilities of approximately RMB92.3 million due within one year and total long-term borrowings of approximately RMB384.3 million. The Group will promptly repay the aforesaid borrowings when due.

Total Assets

As at 31 December 2024, the total assets of the Group were approximately RMB3,501.7 million, representing an increase of approximately RMB62.5 million or approximately 1.8% from those as at 31 December 2023, which was mainly attributable to the increase in inventories at the end of the year.

Total Liabilities

As at 31 December 2024, the total liabilities of the Group were approximately RMB1,107.1 million, representing an increase of approximately RMB146.8 million or approximately 15.3% from those as at 31 December 2023, which was mainly attributable to the increase in bank borrowings at the end of the year.

Total Equity

As at 31 December 2024, the total equity of the Group was approximately RMB2,394.6 million, representing a decrease of approximately RMB84.3 million from that as at 31 December 2023, which was mainly attributable to the decrease in earning balance of the Group during the year under review.

Gearing Ratio

The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as total shareholders' equity as shown in the consolidated balance sheet plus the aforementioned net debt.

As at 31 December 2024, the Group's gearing ratio was 17.3%, representing an increase of 2.9 percentage points as compared to 14.4% as at 31 December 2023, which was mainly attributable to the increase in total borrowings at the end of the year.

Employees and Remuneration Policies

As at 31 December 2024, the Group incurred total staff costs of approximately RMB109.3 million for 1,277 employees, representing a decrease of approximately RMB2.2 million or approximately 2.1% as compared to the same period of 2023, which was mainly attributable to the decrease in the number of employees during the year under review.

The Group sets employee remuneration standards based on employees' qualifications, positions and average industry levels, and offers rewards based on the Group's operating performance and the performance of individual employees.

FUTURE PROSPECTS

According to the work meeting of State Railway Group, State Railway anticipated that, in 2025, 4.28 billion railway passenger trips would be completed, representing a year-on-year increase of 4.9%; and 4.03 billion tons of goods would be delivered in terms of volume, representing a year-on-year increase of 1.1%. It will fully complete the national railway investment through facilitating national key projects with high quality, spare no efforts in completing infrastructure investment of RMB590 billion and put 2,600 kilometers of new lines into operation. Additionally, it will generate total transportation revenue of RMB1,016 billion, representing a year-on-year increase of 2.6% to RMB25.8 billion. Insisting on green development, it will pragmatically and steadily promote railway carbon peak and carbon neutrality. By 2030, the operating mileage of railways in China will reach approximately 180,000 kilometers, of which approximately 60,000 kilometers will be high-speed railways, thereby forming 1, 2 and 3-hour travel circle via railway and 1, 2 and 3-day express logistics circle across the country.

On 26 December 2024, the National Railway Supervision and Management Work Meeting (全國鐵路監督管理工作會議) was held in Beijing, at which it was emphasised that year 2025 marks the concluding year of the “14th Five-Year Plan”, and therefore, it is necessary to accurately grasp the strategic intent of the CPC Central Committee, have profound understanding about the opportunities and challenges in the railway development, coordinate the effective market and the government, supply and demand, cultivate new driver and renew the old ones, optimise for incremental growth and revitalise the stock, improve the quality and increase the total quantity. In addition, it will adhere to the principle of seeking progress while maintaining stability, promoting stability with progress, insist on the problem-oriented and goal-oriented, strictly follow the principle of preservation and innovation, establish new growth drivers before abolishing the old ones, and remain steadfast in system integration and synergistic cooperation, so as to facilitate the realisation of key tasks and objectives with the best efforts.

As a leading rail fastening system and railway sleeper provider in the railway industry of China, the Group will seize the market development opportunities, carry out research and development actively and stimulate innovation, participate in the formulation and revision of standards, and strive to improve product quality and service standards, with the aim of providing high-standard, quality rail fastening system products and railway sleeper products, so as to make our contribution to the high-level construction and safe operation of railways in China. Meanwhile, the Group will also actively explore opportunities for vertical expansion in the industry and enhance the core competitiveness and profitability of the Group with a diversified product offering, so as to give back to our shareholders and investors.

EVENTS AFTER THE PERIOD

There are no events causing significant impact on the Group from the balance sheet date to the date of this announcement.

PUBLIC FLOAT

Based on the publicly available information to the Company and to the knowledge of the Directors, not less than 25% of the shares of the Company in issue are held by the public for the year ended 31 December 2024, in accordance with the requirement of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

ANNUAL GENERAL MEETING

The annual general meeting (the “**AGM**”) will be held on Thursday, 29 May 2025. Shareholders of the Company (the “**Shareholders**”) may refer to the notice and form of proxy of the AGM to be issued by the Company for details regarding the meeting.

FINAL DIVIDEND

The Board resolved to recommend the payment of a final dividend of RMB0.0168 per Share (tax inclusive) for the year ended 31 December 2024 (the “**2024 Final Dividend**”) with an aggregate net amount of RMB15,083,712 to the Shareholders whose names appear on the Company’s register of members as at Friday, 6 June 2025, subject to the approval by the Shareholders at the forthcoming AGM to be held on Thursday, 29 May 2025. Subject to the passing of the relevant resolution at the AGM, the 2024 Final Dividend is expected to be paid on or around 23 July 2025.

WITHHOLDING AND PAYMENT OF INCOME TAX ON BEHALF OF OVERSEAS SHAREHOLDERS

According to the articles of association of the Company, dividends shall be denominated and declared in Renminbi. Dividends on Domestic Shares shall be paid in Renminbi and dividends on H Shares shall be paid in foreign currencies. The relevant exchange rate shall be the average median rate as announced by the People's Bank of China for one calendar week prior to the date of declaration of dividends.

In accordance with the tax laws and relevant requirements under taxation regulatory institutions of the PRC, the Company is required to withhold 10% enterprise income tax when it distributes the 2024 Final Dividend to all non-resident enterprise Shareholders (including HKSCC Nominees Limited, other nominees, trustees or other entities and organisations, who will be deemed as non-resident enterprise Shareholders) whose names appear on the H share register of members of the Company on Friday, 6 June 2025.

Pursuant to the “Notice on the Tax Policies Related to the Pilot Program of Interconnection Mechanism for Transactions in the Shanghai-Hong Kong Stock Connect” (Cai Shui [2014] No.81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) (the “**Shanghai-Hong Kong Stock Connect Tax Policy**”) jointly issued by the Ministry of Finance of the PRC, the State Taxation Administration and China Securities Regulatory Commission, the dividends derived from the investment by a domestic corporate investor in stocks listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect will be included in its total income and subject to enterprise income tax according to the law. In particular, dividends received by resident enterprises in the Mainland which hold H shares for at least 12 consecutive months shall be exempted from enterprise income tax according to the law. In respect of the dividends received by domestic corporate investors, H share companies listed on the Stock Exchange will not withhold income tax on dividends for such corporate investors. The tax payable shall be reported and paid by the enterprises themselves.

As such, when distributing the 2024 Final Dividend pursuant to the register of members of domestic corporate investors as holders of H shares of the Company as at Friday, 6 June 2025 provided by China Securities Depository and Clearing Corporation Limited (“**CSDC**”), the Company shall not withhold income tax on dividends for domestic corporate investors. The tax payable shall be reported and paid by the enterprises themselves.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Tentative Measures on Withholding and Payment of Individual Income Tax (《個人所得稅代扣代繳暫行辦法》), the Shanghai-Hong Kong Stock Connect Tax Policy (《滬港通稅收政策》) and other relevant laws and regulations and based on the Company's consultation with the relevant PRC tax authorities, the Company is required to withhold and pay 20% of individual income tax for the Company's individual H shareholders whose names appear on the H share register of members of the Company (the “**Individual H Shareholders**”).

Pursuant to the Shanghai-Hong Kong Stock Connect Tax Policy, for dividends received by domestic individual investors from the investment in H shares listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect, the H share companies listed on the Stock Exchange shall withhold individual income tax at a rate of 20%. For dividends received by domestic securities investment funds from the investment in shares listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect, it is subject to the individual income tax based on the same requirements in respect of such domestic individual investors.

As such, when distributing the 2024 Final Dividend pursuant to the register of members of domestic individual investors (including domestic securities investment funds) as holders of H shares of the Company as at Friday, 6 June 2025 provided by CSDC, the Company shall withhold and pay individual income tax in accordance with the requirements mentioned above on behalf of the investors.

Pursuant to the “Notice on Matters concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045” (《關於國稅發[1993]045號檔廢止後有關個人所得稅徵管問題的通知》) (the “**Tax Notice**”) issued by the State Taxation Administration and the letter titled “Tax Arrangements on Dividends Paid to Hong Kong Residents by Mainland Companies” issued by the Stock Exchange, the overseas resident individual shareholders of the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions on the tax treaties between the countries where they reside and China and the tax arrangements between Mainland China and Hong Kong (Macau). The Company shall identify the residential status of Individual H Shareholders according to their registered addresses on the H share register of members of the Company on Friday, 6 June 2025 (the “**Registered Address**”). The Company assumes no responsibility and disclaims any liabilities whatsoever in relation to the tax status or tax treatment of the Individual H Shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the Individual H Shareholders or any disputes over the withholding mechanism or arrangements. Details of the arrangements are as follows:

- For Individual H Shareholders who are Hong Kong or Macau residents or residents of another country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these Individual H Shareholders in the distribution of final dividend;
- For Individual H Shareholders who are residents of a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of these Individual H Shareholders in the distribution of final dividend. If relevant Individual H Shareholders would like to apply for a refund of the excess amount of tax withheld and paid, the Company will handle, on their behalf, the applications for tax preferential treatments under the Tax Notice. Qualified Shareholders shall submit a letter of entrustment and all application materials as required under the Tax Notice to the Company’s H share registrar, Computershare Hong Kong Investor Services Limited, in a timely manner. The Company will then submit the above documents to competent tax authorities for their examination, and if and when approved, the Company will assist in refunding the excess amount of tax withheld and paid;

- For Individual H Shareholders who are residents of a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty on behalf of these Individual H Shareholders in the distribution of final dividend; and
- For Individual H Shareholders who are residents of a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these Individual H Shareholders in the distribution of final dividend.

If the domicile of an Individual H Shareholder is not the same as the Registered Address or if the Individual H Shareholder would like to apply for a refund of the final excess amount of tax withheld and paid, he or she shall notify and provide relevant supporting documents to the Company on or before Tuesday, 3 June 2025. Upon examination of the supporting documents by the relevant tax authorities, the Company will comply with the guidelines of the tax authorities to implement regulations and arrangements related to withholding and payment. Individual H Shareholders may carry out the relevant procedures on their own or through representatives in accordance with the relevant requirements under the “Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties” (Guo Shui Fa [2015] No.60) (《非居民納稅人享受稅收協定待遇管理辦法》(國稅發[2015]60號)) if they fail to provide the relevant supporting documents to the Company before the time limit stated above.

Shareholders are recommended to consult their tax advisers regarding the PRC, Hong Kong and other tax implications arising from their holding and disposal of H shares of the Company.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the list of Shareholders who are entitled to attend and vote at the AGM to be held on Thursday, 29 May 2025, the register of members of the Company will be closed from Monday, 26 May 2025 to Thursday, 29 May 2025 (both days inclusive), during which no transfer of Shares will be registered. Holders of H Shares and Domestic Shares whose names appear on the register of members of the Company on Thursday, 29 May 2025 are entitled to attend and vote at this AGM. Holders of H shares of the Company intending to attend and vote at the AGM shall lodge all Share transfer documents together with the relevant H Share certificates with the Company’s H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 23 May 2025 (Hong Kong time) for share transfer registration.

In order to determine the list of Shareholders who are entitled to the 2024 Final Dividend, the register of members of the Company will be closed from Wednesday, 4 June 2025 to Friday, 6 June 2025 (both days inclusive), during which no transfer of Shares will be registered. Holders of H Shares and Domestic Shares whose names appear on the register of members of the Company on Friday, 6 June 2025 are entitled to the 2024 Final Dividend. Holders of H shares of the Company intending to receive the 2024 Final Dividend shall lodge all Share transfer documents together with the relevant H Share certificates with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 3 June 2025 (Hong Kong time) for share transfer registration.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY OR SALE OF TREASURY SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares (as defined under the Listing Rules)) during the year ended 31 December 2024.

As at 31 December 2024, there were no treasury shares (as defined under the Listing Rules) held by the Company.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Company has always strived to maintain a high level of corporate governance and has complied with all code provisions as set out in the "Corporate Governance Code" contained in Appendix C1 to the Listing Rules throughout the year ended 31 December 2024.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions of the Company by the Directors and Supervisors of the Company. Upon making specific enquiries to all of the Directors and Supervisors of the Company, all Directors and Supervisors confirmed that throughout the year ended 31 December 2024, each of them had fully complied with the required standards set out in the "Model Code for Securities Transactions by Directors of Listed Issuers".

AUDITOR

The financial figures in respect of the Group's consolidated financial statements and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Group's auditor, Pan-China Certified Public Accountant LLP (天健會計師事務所(特殊普通合夥)) ("PCCPA"), Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by PCCPA in this respect did not constitute an audit, review or other assurance engagement in accordance with the Auditing Standards for Certified Public Accountants of China (《中國註冊會計師審計準則》), the Standards on Review Engagements for Certified Public Accountants of China (《中國註冊會計師審閱準則》) or the Standards on Other Assurance Engagements for Certified Public Accountants of China (《中國註冊會計師其他鑒證業務準則》) and consequently no assurance has been expressed by PCCPA.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Group's 2024 annual results and the financial statements for the year ended 31 December 2024 prepared in accordance with the PRC Accounting Standards.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the HKEXnews website of the Stock Exchange at <http://www.hkexnews.hk> and on the website of the Company at <http://www.hbyc.com.cn>. The 2024 annual report containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange.

By order of the Board
Hebei Yichen Industrial Group Corporation Limited*
ZHANG Haijun
Chairman

Shijiazhuang, The PRC, 27 March 2025

As at the date of this announcement, the Board of Directors comprises Mr. Zhang Haijun, Mr. Wu Jinyu, Mr. Zhang Lihuan, Mr. Zhang Chao and Ms. Ma Xuehui as executive Directors; Ms. Zheng Zhixing as a non-executive Director; and Mr. Jip Ki Chi, Mr. Wang Fujun and Mr. Zhang Liguang as independent non-executive Directors.

* For identification purpose only