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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 2025**

#### **FINANCIAL HIGHLIGHTS**

- Operating revenue amounted to approximately RMB1,667.1 million, representing an increase of approximately 52.8% compared with that of 2024.
- Gross profit amounted to approximately RMB584.5 million, representing an increase of approximately 130.8% compared with that of 2024.
- Total profit amounted to approximately RMB333.6 million, representing an increase of approximately RMB391.3 million compared with total profit of 2024.
- Net profit attributable to owners of the parent amounted to approximately RMB284.4 million, representing an increase of approximately RMB335.2 million compared with that of 2024; total comprehensive profit for 2025 amounted to approximately RMB284.8 million, representing an increase of approximately RMB335.8 million compared with that of 2024.
- For the year ended 31 December 2025, basic and diluted earnings per share was approximately RMB0.32.

#### **FINAL DIVIDEND**

- The board of directors recommend the payment of the final dividend for the year ended 31 December 2025 of RMB0.0111 per share (tax inclusive), with an aggregate amount of RMB9,966,024.

\* 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 2025 (the “**year under review**”), together with comparative figures for the year ended 31 December 2024 as follows:

### CONSOLIDATED INCOME STATEMENT

*For the year ended 31 December 2025*

	<i>Notes</i>	<b>For the 12 months ended</b>	
		<b>2025</b>	<b>2024</b>
		<i>RMB(’000)</i>	<i>RMB(’000)</i>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>I. Total operating revenue</b>	5	<b>1,667,135</b>	1,090,750
<b>II. Total operating cost</b>	5	<b>1,299,965</b>	1,009,772
Including: Operating cost		<b>1,082,560</b>	837,626
Taxes and surcharges		<b>20,759</b>	13,474
Selling expenses		<b>22,551</b>	20,678
Management expenses		<b>111,160</b>	92,528
Research and development expenses		<b>45,764</b>	27,420
Finance costs		<b>17,171</b>	18,046
Including: Interest costs		<b>18,090</b>	18,054
Interest income		<b>1,673</b>	1,275
Add: Other income		<b>2,601</b>	4,095
Investment gains		<b>68,682</b>	14,896
Including: Gains on investments in associates and joint ventures		<b>68,682</b>	23,417
Gains/(losses) from changes in fair value		–	(59,643)
Loss on credit impairment		<b>(27,074)</b>	(64,176)
Impairment loss of assets		<b>(77,238)</b>	(34,802)
Gains on disposal of assets		–	–
		<hr/>	<hr/>
<b>III. Operating profits/(losses)</b>		<b>334,141</b>	(58,652)
Add: Non-operating incomes		<b>112</b>	1,528
Less: Non-operating expenses		<b>611</b>	600
		<hr/>	<hr/>
<b>IV. Total profit/(losses)</b>		<b>333,642</b>	(57,724)
Less: Income tax expenses	6	<b>48,809</b>	(6,676)
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## CONSOLIDATED INCOME STATEMENT (Continued)

For the year ended 31 December 2025

	Notes	For the 12 months ended	
		2025	2024
		RMB('000)	RMB('000)
		(Unaudited)	(Audited)
<b>V. Net profit/(losses)</b>		<b>284,833</b>	(51,048)
(I) Classified by continuity:			
1. Net profit/(losses) from continuing operations		<b>284,833</b>	(51,048)
2. Net profit from discontinued operations			
(II) Classified by equity holdings:			
1. Net profit/(losses) attributable to owners of the parent		<b>284,372</b>	(50,828)
2. Profit and loss attributable to minority interests		<b>461</b>	(220)
<b>VI. Total other comprehensive income</b>		–	–
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		–	–
<b>VII. Total comprehensive income/(losses)</b>		<b>284,833</b>	(51,048)
Total comprehensive income/(losses) attributable to owners of the parent		<b>284,372</b>	(50,828)
Total comprehensive income/(losses) attributable to minority interests		<b>461</b>	(220)
<b>VIII. Earnings per share:</b>			
Basic earnings/(losses) per share (RMB)	7	<b>0.32</b>	(0.06)
Diluted earnings/(losses) per share (RMB)		<b>0.32</b>	(0.06)

## CONSOLIDATED BALANCE SHEET

As at 31 December 2025

		31 December 2025 RMB('000) (Unaudited)	31 December 2024 RMB('000) (Audited)
	<i>Notes</i>		
<b>Current assets:</b>			
Monetary capital		341,927	157,849
Notes receivable	8	45,628	54,689
Accounts receivable	9	1,504,600	1,193,124
Financing of receivables		5,768	12,520
Prepayments		58,452	31,444
Other receivables		7,299	7,962
Inventories		266,693	422,598
Contract assets		18,865	30,097
Other current assets		4,167	20,049
		<hr/>	<hr/>
<b>Total current assets</b>		<b>2,253,399</b>	<b>1,930,332</b>
		<hr/>	<hr/>
<b>Non-current assets:</b>			
Long-term equity investments		345,977	309,091
Other equity instruments investment		8,197	18,197
Fixed assets		639,661	689,661
Construction in progress		210,938	154,373
Right-of-use assets		613	1,226
Intangible assets		145,955	142,578
Goodwill		5,491	59,836
Long-term deferred expenses		489	673
Deferred income tax assets		63,784	57,236
Other non-current assets		141,134	138,294
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>1,562,239</b>	<b>1,571,165</b>
		<hr/>	<hr/>
<b>Total assets</b>		<b>3,815,638</b>	<b>3,501,497</b>
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**CONSOLIDATED BALANCE SHEET (Continued)***As at 31 December 2025*

		<b>31 December 2025</b>	31 December
		<i>RMB('000)</i>	<i>RMB('000)</i>
	<i>Notes</i>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Current liabilities</b>			
Short-term borrowings		<b>21,021</b>	125,640
Notes payable	<i>10</i>	<b>82,643</b>	53,000
Accounts payable	<i>11</i>	<b>445,068</b>	391,730
Contract liabilities		<b>15,524</b>	10,913
Payroll payable		<b>9,144</b>	7,603
Tax payable		<b>41,197</b>	15,285
Other payables		<b>16,223</b>	19,739
Non-current liabilities due within one year		<b>166,452</b>	92,863
Other current liabilities		<b>1,028</b>	907
<b>Total current liabilities</b>		<b>798,300</b>	717,680
<b>Non-current liabilities</b>			
Long-term borrowings		<b>352,163</b>	384,301
Lease liabilities		–	632
Deferred income		<b>4,013</b>	4,246
Deferred income tax liabilities		<b>241</b>	265
<b>Total non-current liabilities</b>		<b>356,417</b>	389,444
<b>Total liabilities</b>		<b>1,154,717</b>	1,107,124
<b>Owners' equity</b>			
Share capital		<b>448,920</b>	448,920
Capital reserve		<b>813,777</b>	813,934
Less: Treasury shares		<b>27,920</b>	24,878
Other comprehensive income		<b>(124)</b>	(124)
Surplus reserve		<b>185,204</b>	156,495
Undistributed profits		<b>1,227,679</b>	987,102
Total equity attributable to owners of the parent		<b>2,647,536</b>	2,381,449
Minority interests		<b>13,385</b>	12,924
<b>Total owner's equity</b>		<b>2,660,921</b>	2,394,373
<b>Total liabilities and owner's equity</b>		<b>3,815,638</b>	3,501,497

# 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, divided into a total of 897,840,000 shares with a nominal value of RMB0.50 each.

Unless otherwise stated, the financial information for the year ended 31 December 2025 is presented in Renminbi ("RMB") thousands.

The consolidated results for the year ended 31 December 2025 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 on a going concern basis and based on actual transactions and events in accordance with 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 the Hong Kong Companies Ordinance, and based on the accounting policies and estimates applicable to the Group.

## 3 SEGMENT INFORMATION

The Group regards all businesses as a whole when implementing management and assessing operating results. The Group present all product information based on internal reports that are regularly reviewed by the Group's Executive Committee (the chief operating decision maker) for the allocation of resources. The Group's Executive Committee reviews its internal management reports at least once a month.

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 determines 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 2025 and 2024 is listed as follows:

Items	Rail fastening system		Welding wire	
	2025 RMB('000)	2024 RMB('000)	2025 RMB('000)	2024 RMB('000)
Total revenue	<b>1,283,928</b>	674,208	<b>308,171</b>	310,594
Inter-segment revenue	–	–	–	–
Revenue from external customers	<b>1,283,928</b>	674,208	<b>308,171</b>	310,594
Total operating cost	<b>(719,434)</b>	(440,135)	<b>(305,829)</b>	(310,636)
Segment gross profit	<b>564,494</b>	234,073	<b>2,342</b>	(42)
<b>Other profit or loss disclosure:</b>				
Depreciation and amortisation	<b>48,306</b>	45,752	<b>10,767</b>	10,379
Provision for impairment of receivables	<b>(30,230)</b>	(61,375)	<b>(609)</b>	(434)
Impairment of inventories	<b>(16,893)</b>	(16,629)	<b>(1,445)</b>	(1,919)
Finance costs	–	–	–	–
	Railway sleepers		Others	
	2025 RMB('000)	2024 RMB('000)	2025 RMB('000)	2024 RMB('000)
Total revenue	<b>64,145</b>	92,326	<b>10,891</b>	13,622
Inter-segment revenue	–	–	–	–
Revenue from external customers	<b>64,145</b>	92,326	<b>10,891</b>	13,622
Total operating cost	<b>(49,329)</b>	(74,840)	<b>(7,968)</b>	(12,015)
Segment gross profit	<b>14,816</b>	17,486	<b>2,923</b>	1,607
<b>Other profit or loss disclosure:</b>				
Depreciation and amortisation	<b>5,290</b>	4,788	–	–
Provision for impairment of receivables	<b>(208)</b>	(4,809)	–	–
Impairment of inventories	<b>(583)</b>	(241)	–	–
Finance costs	–	–	<b>17,171</b>	18,046

	<b>Total</b>	
	<b>2025</b>	2024
	<i>RMB('000)</i>	<i>RMB('000)</i>
Total revenue	1,667,135	1,090,750
Inter-segment revenue	—	—
Revenue from external customers	<u>1,667,135</u>	<u>1,090,750</u>
Total operating cost	<u>(1,082,560)</u>	<u>(837,626)</u>
Total gross profit	<u>584,575</u>	<u>253,124</u>
<b>Other profit or loss disclosure:</b>		
Depreciation and amortisation	64,363	60,919
Provision for/(reversal of) impairment of receivables	(31,047)	(66,618)
Impairment of inventories	(18,921)	(18,789)
Finance costs	<u>17,171</u>	<u>18,046</u>

## 5 OPERATING REVENUE/OPERATING COST

Items	2025		2024	
	<i>RMB('000)</i>		<i>RMB('000)</i>	
	Revenue	Cost	Revenue	Cost
Revenue from principal business	1,656,244	1,074,592	1,079,409	827,684
Other operating revenue	<u>10,891</u>	<u>7,968</u>	<u>11,341</u>	<u>9,942</u>
Total	<u>1,667,135</u>	<u>1,082,560</u>	<u>1,090,750</u>	<u>837,626</u>

## 6 INCOME TAX EXPENSES

Items	2025	2024
	<i>RMB('000)</i>	<i>RMB('000)</i>
Current income tax expenses	55,380	17,425
Deferred income tax expenses	<u>(6,571)</u>	<u>(24,101)</u>
Total	<u>48,809</u>	<u>(6,676)</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.

<b>Items</b>	<b>2025</b> <i>RMB('000)</i>	2024 <i>RMB('000)</i>
Total profit/(losses)	<b>333,640</b>	(57,724)
Income tax expenses calculated by the applicable tax rates of the parent	<b>50,047</b>	(8,658)
Effect of different tax rates applicable to subsidiaries	<b>427</b>	(1,499)
Effect of adjusting income tax from prior periods	<b>18</b>	1,650
Effect of non-taxable income	<b>(10,302)</b>	(3,513)
Effect of non-deductible costs, expenses and losses	<b>381</b>	506
Effect of utilising deductible temporary differences or deductible losses from deferred income tax assets unrecognised in prior periods	<b>(2)</b>	(3)
Effect of deductible temporary differences or deductible losses from deferred income tax assets unrecognised during the period	<b>1,586</b>	4,465
Effect of additional deductions on research and development expense, salaries of disabled employees and fixed assets	<b>(1,498)</b>	(1,660)
Others	<b>8,152</b>	2,036
Income tax expenses	<b>48,809</b>	(6,676)

## 7 EARNINGS PER SHARE

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

<b>Items</b>	<b>2025</b> <i>RMB('000)</i>	2024 <i>RMB('000)</i>
Net profit/(losses) attributable to owners of the parent of the Company	<b>284,372</b>	(50,828)
Weighted average number of ordinary shares in issue	<b>893,879</b>	894,618
Basic earnings/(losses) per share ( <i>RMB per share</i> )	<b>0.32</b>	(0.06)

There were no potential dilutive ordinary shares for the years ended 31 December 2024 and 2025. Diluted earnings/(losses) per share were equal to basic earnings/(losses) per share.

## 8 NOTES RECEIVABLE

<b>Items</b>	<b>31 December</b> <b>2025</b> <i>RMB('000)</i>	31 December 2024 <i>RMB('000)</i>
Book balance of notes receivable	<b>45,905</b>	55,672
Less: Provision for bad debts	<b>277</b>	983
Book value of notes receivable	<b>45,628</b>	54,689

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 2025 RMB('000)	31 December 2024 RMB('000)
Book balance of accounts receivable	1,830,412	1,490,849
Less: Provision for bad debts	<u>325,812</u>	<u>297,725</u>
Book value of accounts receivable	<u><b>1,504,600</b></u>	<u><b>1,193,124</b></u>

### (b) Ageing of accounts receivable based on the recognition date is analysed as follows

Items	31 December 2025 RMB('000)	31 December 2024 RMB('000)
Within 1 year	1,103,661	721,712
1 to 2 years	251,642	313,721
2 to 3 years	174,637	213,020
Over 3 years	<u>300,472</u>	<u>242,396</u>
Total	<u><b>1,830,412</b></u>	<u><b>1,490,849</b></u>

The majority of accounts receivable are denominated in RMB, and their book value is approximate to their fair value.

## 10 NOTES PAYABLE

Items	31 December 2025 RMB('000)	31 December 2024 RMB('000)
Notes payable	<u>82,643</u>	<u>53,000</u>
Total	<u><b>82,643</b></u>	<u><b>53,000</b></u>

## 11 ACCOUNTS PAYABLE

### (a) Breakdown

Items	31 December 2025 RMB('000)	31 December 2024 RMB('000)
Accounts payable	445,068	391,730
Total	<u>445,068</u>	<u>391,730</u>

### (b) Ageing of accounts payable based on the recognition date is analysed as follows

Items	31 December 2025 RMB('000)	31 December 2024 RMB('000)
Within 1 year	392,425	328,096
Over 1 year	52,643	63,634
Total	<u>445,068</u>	<u>391,730</u>

## 12 DIVIDENDS

	2025 RMB('000)	2024 RMB('000)
Dividends paid/declared	<u>9,966</u>	<u>15,084</u>

- (i) A final dividend of RMB15,083,712 (approximately RMB0.0168 per share (tax inclusive)) for the year ended 31 December 2024 was approved by the shareholders at the annual general meeting held on 29 May 2025 and paid in July 2025.
- (ii) Pursuant to a resolution of the Board on 26 March 2025, it was proposed to distribute a dividend of approximately RMB0.0111 per share (tax inclusive) for the year ended 31 December 2025, with total dividends amounting to RMB9,966,024, which was 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 2025, the Chinese economy maintained a stable growth momentum. According to the data released by the National Bureau of Statistics, the GDP for 2025 increased by 5.0% year-on-year at constant prices.

According to data published by the National Railway Administration, the completed amount of national railway fixed asset investment in 2025 reached RMB901.5 billion, representing a year-on-year increase of 6.0%, while 3,109 kilometers of new railway lines, including 2,862 kilometers of high-speed railway lines, commenced operation, which fully demonstrated the role of railway investment in driving economic growth.

During the “14th Five-Year Plan” period, China State Railway Group Co., Ltd. (“**State Railway Group**”) adhered to the strategic positioning of making use of railway for the nation and the people. By emphasizing on promoting network integration, filling network gaps and strengthening chain projects, it has basically established a vast modern railway network. Over the five years, national railway operating mileage increased from 146,300 kilometers to 165,000 kilometers, representing an increase of 12.8%, and high-speed railway operating mileage grew from 37,900 kilometers to 50,400 kilometers, representing an increase of 32.98%. On 22 December 2025, the Guangzhou-Zhanjiang High-speed Railway (廣湛高鐵) and the Shantou-Shantou South section of the Shantou-Shanwei High-speed Railway (汕汕高鐵 (汕頭至汕頭南段)) commenced operations on the same day, marking another step forward in developing the “Greater Bay Area on Rails (軌道上的大灣區)”. The Outline of the “14th Five-Year Plan” proposed to “advance the integration of transportation in city clusters and metropolitan areas, and accelerate the construction of intercity railways and urban/suburban railways”. Today, these top-level designs have been implemented and become tangible benefits accessible to everyone.

With railways such as the Beijing-Tangshan Intercity Railway (京唐城際鐵路) and the Tianjin-Daxing Intercity Railway (津興城際鐵路) being put into operation, China Railway Beijing Group Co., Ltd.\* (中國鐵路北京局集團有限公司) currently has 18 high-speed railways under operations. In the Yangtze River Delta, the high-speed railway operating mileage exceeded 8,000 kilometers, with all prefecture-level cities except Zhoushan now accessible by bullet trains. The operation of Chongqing East-Qianjiang section of the Chongqing-Xiamen High-speed Railway (渝廈高鐵重慶東至黔江段) commenced and the construction of Chengdu-Chongqing Middle Line High-speed Railway (成渝中線高鐵) was underway. 19 major city clusters across the country are closely connected via high-speed railways. The completion and commissioning of modern comprehensive passenger hubs such as Beijing Tongzhou Station (北京通州站), Beijing Fengtai Station (北京豐台站) and Guangzhou Baiyun Station (廣州白雲站) have significantly improved the stability, accessibility and inclusiveness of the railway network.

\* For identification purpose only

## **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 2025, total revenue of the Group amounted to approximately RMB1,667.1 million, representing an increase of approximately 52.8%.

### **Rail Fastening System Products**

For the year ended 31 December 2025, the revenue from rail fastening system products amounted to approximately RMB1,283.9 million, accounting for approximately 77.0% of the Group's total revenue. According to data published by the National Railway Administration, national railway fixed asset investment increased by 6.0% year-on-year in 2025, while 3,109 kilometers of new railway lines, including 2,862 kilometers of high-speed railway lines, commenced operation. Affected by this, the Group's shipments of rail fastening system products increased in 2025, with revenue from rail fastening system products increasing by approximately 90.4% from approximately RMB674.2 million in 2024.

During the year under review, the cost of sales relating to rail fastening system products increased by approximately 63.5% from approximately RMB440.1 million in 2024 to approximately RMB719.4 million in 2025, which was mainly attributable to the increase in shipments of rail fastening system products during the year under review.

As a result of the increase in revenue from rail fastening system products and changes in product structure, gross profit of rail fastening system products increased by approximately 141.1% from approximately RMB234.1 million in 2024 to approximately RMB564.5 million in 2025. At the same time, the gross profit margin of rail fastening system products increased from approximately 34.7% in 2024 to approximately 44.0% in 2025, which was mainly attributable to the combined effect of the increase in shipments of high-speed rail products with higher gross profit under the impact of the construction progress of railways and the decrease in raw material procurement prices during the year under review.

During the year under review, the Group's initial value of the agreements entered into for supplying rail fastening systems was approximately RMB827.3 million, representing a decrease of approximately 26.1% as compared to 2024. Among which, the initial value of the agreements entered into for high-speed rail fastening systems amounted to approximately RMB533.7 million, representing a decrease of approximately 34.6% as compared to 2024; the initial value of the agreements entered into for urban transit fastening systems amounted to approximately RMB142.6 million; and the initial value of the agreements entered into for normal-speed rail fastening systems amounted to approximately RMB151.0 million. As of 31 December 2025, the backlog of the Group amounted to approximately RMB1,320.5 million (value-added tax inclusive).

## **Welding Wire Products**

For the year ended 31 December 2025, the revenue from welding wire products amounted to approximately RMB308.2 million, accounting for approximately 18.5% of the total revenue of the Group and representing a decrease of approximately 0.8% from approximately RMB310.6 million for the year of 2024. The decrease in revenue was mainly attributable to the decrease in unit price 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 1.5% to approximately RMB305.8 million in 2025 from approximately RMB310.6 million in 2024, which was mainly attributable to a decrease in raw material procurement prices 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 2025, the revenue from railway sleeper products was approximately RMB64.1 million, accounting for approximately 3.8% of the Group's total revenue and representing a decrease of approximately 30.6% from approximately RMB92.3 million in 2024. The change in revenue was mainly attributable to the decrease in shipments of railway sleeper products during the year under the impact of reduced demand in downstream markets.

During the year under review, the cost of sales of railway sleeper products decreased by approximately 34.1% from approximately RMB74.8 million in 2024 to approximately RMB49.3 million in 2025, 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. National railway fixed asset investment increased by 6.0% year-on-year in 2025, while 3,109 kilometers of new railway lines, including 2,862 kilometers of high-speed railway lines, commenced operation. Affected by this, the Group's shipments of rail fastening system products increased in 2025, and the Group's revenue increased by 52.8% from approximately RMB1,090.7 million in 2024 to approximately RMB1,667.1 million in 2025.

Revenue related to rail fastening system products increased by approximately 90.4% from approximately RMB674.2 million in 2024 to approximately RMB1,283.9 million in 2025, which was attributable to the increase in shipments of rail fastening system products during the year under review under the impact of the continuous growth of investment in China's railway infrastructure.

Revenue related to welding wire products decreased by approximately 0.8% from approximately RMB310.6 million in 2024 to approximately RMB308.2 million in 2025. The decrease in revenue from welding wire products was mainly attributable to the decrease in selling price of welding wire products during the year under review.

Revenue related to railway sleeper products decreased by approximately 30.6% from approximately RMB92.3 million in 2024 to approximately RMB64.1 million in 2025. The decrease in revenue from railway sleeper products was mainly attributable to the decrease in shipments of railway sleeper products during the year under the impact of reduced demand in downstream markets during the year under review.

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, the provision of product processing services as well as electricity sales business.

### **Operating Cost**

The Group's operating cost increased by approximately 29.3% to approximately RMB1,082.6 million in 2025 from approximately RMB837.6 million in 2024. The increase in cost during the year under review was mainly due to the increase in shipments of rail fastening system.

Operating cost related to rail fastening system products increased by approximately 63.5% to approximately RMB719.4 million in 2025 from approximately RMB440.1 million in 2024. This fluctuation was mainly due to the increase in shipments of rail fastening system products during the year under review.

Operating cost related to welding wire products decreased by approximately 1.5% to approximately RMB305.8 million in 2025 from approximately RMB310.6 million in 2024. The decrease in cost was mainly attributable to the decrease in raw material procurement prices during the year under review.

Operating cost related to railway sleeper products decreased by approximately 34.1% to approximately RMB49.3 million in 2025 from approximately RMB74.8 million in 2024. 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 RMB584.5 million in 2025, representing a year-on-year increase of approximately 130.9% as compared to the gross profit of approximately RMB253.1 million in 2024, which was mainly due to the increase in shipments of rail fastening system products and the decrease in raw material procurement prices during the year under review.

Gross profit of rail fastening system products increased by approximately 141.1% from approximately RMB234.1 million in 2024 to approximately RMB564.5 million in 2025, and the gross profit margin increased from approximately 34.7% in 2024 to approximately 44.0% in 2025, which was mainly attributable to the increase in shipments of high-speed railways products with higher gross profit and the decrease in raw material procurement prices during the year under review.

Gross profit of welding wire products increased from approximately RMB-0.04 million in 2024 to approximately RMB2.4 million in the same period of 2025, and the gross profit margin increased from approximately -0.01% in 2024 to approximately 0.8% in the same period of 2025, which was mainly attributable to the decrease in the raw material procurement prices.

Gross profit of railway sleeper products decreased by approximately 15.4% to approximately RMB14.8 million in 2025 from approximately RMB17.5 million in 2024. The decrease in gross profit was mainly due to the decrease in sales volume of the railway sleeper products during the year under review.

### **Selling Expenses**

Selling expenses of the Group increased to approximately RMB22.6 million in 2025 from approximately RMB20.7 million in 2024. For the years ended 31 December 2024 and 2025, selling expenses as a percentage of total revenue accounted for approximately 1.9% and 1.4%, respectively. The increase in selling expenses was mainly attributable to the increase in the Company's certification costs for product test during the year under review.

### **Management Expenses**

Management expenses of the Group increased to approximately RMB111.2 million in 2025 from approximately RMB92.5 million in 2024. For the years ended 31 December 2024 and 2025, management expenses as a percentage of total revenue accounted for approximately 8.5% and 6.7%, respectively. The increase in management expenses was mainly due to the increase in shipments of high-speed railway products and the higher technology transfer fee provided during the year under review.

### **Research and Development Expenses**

Research and development expenses of the Group increased to approximately RMB45.8 million in 2025 from approximately RMB27.4 million in 2024. The increase in research and development expenses was mainly due to the Group's increased efforts in developing new products in response to the robust market demand during the year under review. For the years ended 31 December 2024 and 2025, research and development expenses as a percentage of total revenue accounted for approximately 2.5% and 2.7%, respectively.

## **Finance Costs**

In 2025, the Group incurred total finance costs of approximately RMB17.2 million, representing a year-on-year decrease of approximately 4.4% as compared to total finance costs of approximately RMB18.0 million in 2024. Under this category, interest income increased by approximately 30.8% to approximately RMB1.7 million in 2025 from approximately RMB1.3 million in 2024. Interest costs were approximately RMB18.1 million in 2024 and approximately RMB18.1 million in 2025. The increase in interest income was mainly due to the increase in recovery of receivables during the year under review, resulting in an increase in monetary capital retained by the Group.

## **Investment Gains**

In 2025, the Group's investment gains totalled approximately RMB68.7 million while the investment gains totalled approximately RMB14.9 million in 2024, mainly due to the growth in profits achieved by the associates during the year under review. The Group recorded an aggregate of approximately RMB68.7 million in share of investment gains from associates and joint ventures in 2025 while the share of investment gains were approximately RMB23.4 million in 2024.

## **Gains/Losses from Changes in Fair Value**

The Group did not incur losses from changes in fair value in 2025, while the losses from changes in fair value totalled approximately RMB59.6 million in 2024, which was mainly attributable to the change (up to the date of disposal) in price of securities of Hong Kong listed companies in 2024.

## **Loss on Credit Impairment**

Loss on credit impairment of the Group decreased to approximately RMB27.1 million in 2025 from approximately RMB64.2 million in 2024. The decrease in loss on credit impairment was mainly due to the decrease in loss on credit impairment under the expected credit loss model provided by the Company as a result of the shorter recovery cycle of receivables with the Group's increased efforts in the collection of receivables during the year under review.

## **Impairment Loss of Assets**

Impairment loss of assets of the Group increased to approximately RMB77.2 million in 2025 from approximately RMB34.8 million in 2024. The increase in impairment loss of assets was primarily due to the increase in impairment loss of goodwill provided during the year under review.

## **Total Profit/(Losses)**

Based on the aforesaid reasons, the Group recorded total profit of approximately RMB333.6 million in 2025, representing a year-on-year increase of approximately RMB391.3 million as compared to total losses of approximately RMB57.7 million recorded in 2024, which was mainly attributable to the increase in the Group's operating revenue of RMB576.3 million and gross profit of approximately RMB331.5 million under the impact of the continuous growth of investment in China's railway infrastructure.

## **Income Tax**

Income tax expenses of the Group increased to approximately RMB48.8 million in 2025 from approximately RMB-6.7 million in 2024, which was mainly attributable to increase 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.\* (邢台炬能鐵路電氣器材有限公司) was 15% for 2025. The applicable tax rates for other subsidiaries in Mainland China were 25% and 20% for 2025.

## **Net Profit/Losses**

Based on the aforesaid reasons, net profit amounted to approximately RMB284.8 million in 2025, as compared to net losses of approximately RMB51.0 million in 2024. Net profit margin increased to approximately 17.1% for the year under review from approximately -4.7% for the year ended 31 December 2024.

## **Net Profit/Losses Attributable to Owners of the Parent**

The Group's net profit attributable to owners of the parent amounted to approximately RMB284.4 million in 2025, as compared to net losses attributable to owners of the parent of approximately RMB50.8 million in 2024. In 2025, basic earnings per share amounted to approximately RMB0.32, as compared to the basic losses per share of approximately RMB0.06 in 2024.

## **Financial Resources and Capital Structure**

As at 31 December 2025, the Group had cash and cash equivalents of approximately RMB229.6 million, accounts receivable of approximately RMB1,504.6 million, accounts payable of approximately RMB445.1 million, and outstanding borrowings of approximately RMB539.0 million. As at 31 December 2025, the above cash and cash equivalents included approximately RMB2,000 equivalents of Hong Kong dollars.

\* For identification purpose only

As at 31 December 2024, the Group had cash and cash equivalents of approximately RMB101.0 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.

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 2025, the outstanding borrowings of the Group included total short-term borrowings of approximately RMB21.0 million, total non-current liabilities of approximately RMB1,658,000 due within one year and total long-term borrowings of approximately RMB352.2 million. The Group will promptly repay the aforesaid borrowings when due.

### **Total Assets**

As at 31 December 2025, the total assets of the Group were approximately RMB3,815.6 million, representing an increase of approximately RMB314.1 million or approximately 9.0% from those as at 31 December 2024, which was mainly attributable to the robust market demand during the year under review, resulting in an increase in accounts receivable at the end of the year.

### **Total Liabilities**

As at 31 December 2025, the total liabilities of the Group were approximately RMB1,154.7 million, representing an increase of approximately RMB47.6 million or approximately 4.3% from those as at 31 December 2024, which was mainly attributable to the Group’s increased procurement in response to the robust market demand during the year under review, resulting in an increase in accounts payable at the end of the year.

### **Total Equity**

As at 31 December 2025, the total equity of the Group was approximately RMB2,660.9 million, representing an increase of approximately RMB266.5 million from that as at 31 December 2024, which was mainly attributable to the increase 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 2025, the Group's gearing ratio was 10.4%, representing a decrease of 6.9% as compared to 17.3% as at 31 December 2024, which was mainly attributable to the combined effect of the performance growth of the Group and the improvement in recovery of receivables during the year under review.

### **Employees and Remuneration Policies**

As at 31 December 2025, the Group incurred total staff costs of approximately RMB110.5 million for 1,267 employees, representing an increase of approximately RMB1.2 million or approximately 1.1% as compared to the same period of 2024, which was mainly attributable to the increased remuneration resulting from performance growth 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, the main goals for railway operations in 2026 include: to maintain sustained stability in railway safety; to complete 4.402 billion national railway passenger trips, representing a year-on-year increase of 3.5%, and to deliver 4.13 billion tons of goods, representing a year-on-year increase of 1.5%; to fully complete the national railway investment, facilitating national key projects with high quality and putting more than 2,000 kilometers of new national railway lines into operation; and to insist on green development by pragmatically and steadily promoting 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, which will basically form a world-class modern railway network in China.

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

### Discloseable and Connected Transaction – Acquisition of Interest in Electricity Business

On 12 January 2026, the Company and certain shareholders of Hebei Chenxiang Electricity Sales Co., Ltd.\* (河北辰翔售電有限公司) (hereinafter referred to as the Vendors) entered into an equity transfer agreement (the “**Equity Transfer Agreement**”), pursuant to which the Company conditionally agreed to acquire 86.22% of the equity interest in Hebei Chenxiang Electricity Sales Co., Ltd. held by the Vendors for a consideration of RMB135,000,000 subject to the terms and conditions of the Equity Transfer Agreement.

The Company will convene an extraordinary general meeting for independent shareholders, who are not materially interested in the Equity Transfer Agreement and the transactions contemplated thereunder, to consider and, if thought fit, approve the Equity Transfer Agreement and the transactions contemplated thereunder. Please refer to the Company’s announcement dated 12 January 2026 for details.

### 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 2025, 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, 28 May 2026. 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 RMB0.0111 per share (tax inclusive) for the year ended 31 December 2025 (the “**2025 Final Dividend**”) with an aggregate net amount of RMB9,966,024 to the shareholders whose names appear on the Company’s register of members as at Friday, 5 June 2026, subject to the approval by the shareholders at the forthcoming AGM to be held on Thursday, 28 May 2026. Subject to the passing of the relevant resolution at the forthcoming AGM, the 2025 Final Dividend is expected to be paid on or around 21 July 2026.

\* For identification purpose only

## **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 middle exchange 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 2025 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, 5 June 2026.

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 2025 Final Dividend pursuant to the register of members of domestic corporate investors as holders of H shares of the Company as at Friday, 5 June 2026 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 2025 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, 5 June 2026 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, 5 June 2026 (the “**Registered Address**”). The Company assumes no responsibility and disclaims any liability 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, 2 June 2026. 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, 28 May 2026, the register of members of the Company will be closed from Friday, 22 May 2026 to Thursday, 28 May 2026 (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, 28 May 2026 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 Thursday, 21 May 2026 (Hong Kong time) for share transfer registration.

In order to determine the list of shareholders who are entitled to the 2025 Final Dividend, the register of members of the Company will be closed from Wednesday, 3 June 2026 to Friday, 5 June 2026 (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, 5 June 2026 are entitled to the 2025 Final Dividend. Holders of H shares of the Company intending to receive the 2025 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, 2 June 2026 (Hong Kong time) for share transfer registration.

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

For the year ended 31 December 2025, the relevant trustee of the H Share Award Scheme of the Company purchased an aggregate of 10,732,000 H Shares of the Company from the market, at the average purchase price of approximately RMB2.60 per share, which are intended for the employee incentive plan. For further information, please then refer to the section headed "H Share Award Scheme" in the 2025 interim report.

Save as disclosed above, as of 31 December 2025, 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)). As at 31 December 2025, there were no treasury shares 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" (the "CG Code") contained in Appendix C1 to the Listing Rules throughout the year ended 31 December 2025, save and except for the following deviation.

Pursuant to code provision B.3.5 of the CG Code, with effect from 1 July 2025, the nomination committee must have at least one director of a different gender. Between 1 July 2025 and 29 December 2025, the Board sought a candidate possessing both gender diversity and specific industrial expertise to ensure effective oversight. Following a rigorous selection, Ms. Ma Xuehui, an executive Director, was appointed as a member of the nomination committee of the Board on 30 December 2025, since which time the Company has been in full compliance with that code provision.

## **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 of the Company confirmed that throughout the year ended 31 December 2025, 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 2025 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 2025 annual results and the financial statements for the year ended 31 December 2025 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 2025 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, 26 March 2026

*As at the date of this announcement, the Board 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 Ligu as independent non-executive Directors.*

\* For identification purpose only