# 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

# 2026 INTERIM REPORT


* For identification purpose only

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# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. Zhang Haijun *(Chairman)*
Mr. Wu Jinyu
Mr. Zhang Lihuan
Mr. Zhang Chao
Ms. Ma Xuehui

### Non-executive Director

Ms. Zheng Zhixing

### Independent Non-executive Directors

Mr. Jip Ki Chi *(Lead Independent Non-executive Director)*
Mr. Zhang Liguo
Mr. Wang Fuju

## SUPERVISORS

Mr. Guan En *(Chairman)*
Mr. Liu Jianbin
Mr. Zhou Hao

## AUDIT COMMITTEE

Mr. Jip Ki Chi *(Chairman)*
Mr. Zhang Liguo
Mr. Wang Fuju

## REMUNERATION COMMITTEE

Mr. Zhang Liguo *(Chairman)*
Mr. Wu Jinyu
Mr. Jip Ki Chi

## NOMINATION COMMITTEE

Mr. Wang Fuju *(Chairman)*
Mr. Zhang Liguo
Ms. Ma Xuehui

## CORPORATE GOVERNANCE COMMITTEE

Mr. Jip Ki Chi *(Chairman)*
Mr. Wang Fuju
Mr. Zhang Chao

## STRATEGY COMMITTEE

Mr. Zhang Haijun *(Chairman)*
Mr. Wu Jinyu
Mr. Zhang Liguo

## COMPANY SECRETARY

Ms. Ng Wai Kam (ACG, HKACG)

## AUTHORISED REPRESENTATIVES

Mr. Zhang Haijun
Ms. Ng Wai Kam

## ALTERNATES TO THE AUTHORISED REPRESENTATIVES

Mr. Wu Jinyu
Mr. Zhang Chao

# Corporate Information

## AUDITOR

Pan-China Certified Public Accountants LLP
30th Floor, T2, Runao Business Center
Yingfeng Street, Xiaoshan District
Hangzhou City, Zhejiang Province
China

## HONG KONG LEGAL ADVISER

Khoo & Co.
Suite 3902, 39/F, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

## PRC LEGAL ADVISER

Beijing Jingtian & Gongcheng
34th Floor, Tower 3
China Central Place
77 Jianguo Road
Chaoyang District, Beijing
China

## REGISTERED OFFICE AND HEADQUARTERS

No. 1 Yichen North Street
Gaocheng District
Shijiazhuang City
Hebei Province
China

## ADDITIONAL REGISTERED ADDRESS

No. 268 Lianzhou East Road
Gaocheng District
Shijiazhuang City
Hebei Province
China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1912, 19/F, Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong

## H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

## STOCK CODE

1596

## COMPANY WEBSITE

http://www.hbyc.com.cn

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

## REVIEW REPORT

Tian Jian Shen [2026] No. 3-461

TO THE SHAREHOLDERS OF HEBEI YICHEN INDUSTRIAL GROUP CORPORATION LIMITED,

We have reviewed the attached financial statements of Hebei Yichen Industrial Group Corporation Limited (hereinafter referred to as "Yichen Industrial Corporation"), which comprise the consolidated balance sheet as at 30 June 2026, the consolidated income statement, the consolidated statement of cash flows and the consolidated statement of changes in owners' equity from January to June 2026, and notes to the financial statements. Preparation of these financial statements is the responsibility of the management of Yichen Industrial Corporation. Our responsibility is to deliver a report on review of such financial statements based on our review.

We conducted our review in accordance with China Certified Public Accountant Review Standard No. 2101 – Review of Financial Statements. The Standard requires us to plan and perform the review to obtain limited assurance about whether the financial statements are free from material misstatements. A review is limited primarily to the enquiry of relevant personnel of Yichen Industrial Corporation and the analytical procedures applied to the financial information, thus providing less assurance than an audit. As we have not performed an audit, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the financial statements are not prepared in accordance with the Accounting Standards for Business Enterprises and cannot fairly present the consolidated financial position, operating results and cash flows of Yichen Industrial Corporation in all material respects.

Pan-China Certified Public Accountants LLP

Chinese Certified Public Accountant: **Li Lian**

Hangzhou, the PRC

Chinese Certified Public Accountant: **Li Xin**

27 August 2026

# CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 June 2026

| Assets | Notes | 30 June 2026 RMB('000) (Unaudited) | 31 December 2025 RMB('000) (Audited) |
|---|---|---|---|
| **Current assets:** | | | |
| Monetary capital | | **300,140** | 341,927 |
| Provision for settlement | | | |
| Lending to banks and other financial institutions | | | |
| Financial assets held for trading | | | |
| Derivative financial assets | | | |
| Notes receivable | | **35,595** | 45,628 |
| Accounts receivable | 1 | **1,015,434** | 1,504,600 |
| Financing of receivables | | **6,237** | 5,768 |
| Prepayments | | **65,144** | 58,452 |
| Insurance premiums receivable | | | |
| Cession premiums receivable | | | |
| Deposits receivable from reinsurance contract | | | |
| Other receivables | | **6,794** | 7,299 |
| Recoursable financial assets acquired | | | |
| Inventories | | **345,011** | 266,693 |
| Including: Data resources | | | |
| Contract assets | | **24,936** | 18,865 |
| Assets held for sale | | | |
| Non-current assets due within one year | | | |
| Other current assets | | **13,528** | 4,167 |
| **Total current assets** | | **1,812,819** | 2,253,399 |

# Consolidated Balance Sheet (Unaudited)

As at 30 June 2026

| Assets | Notes | 30 June 2026 RMB('000) (Unaudited) | 31 December 2025 RMB('000) (Audited) |
|---|---|---|---|
| **Non-current assets:** | | | |
| Loans and advances granted | | | |
| Debt investments | | | |
| Other debt investments | | | |
| Long-term receivables | | | |
| Long-term equity investments | 2 | **363,224** | 345,977 |
| Other equity instruments investment | | **8,197** | 8,197 |
| Other non-current financial assets | | | |
| Investment properties | | | |
| Fixed assets | | **619,544** | 639,661 |
| Construction in progress | | **248,730** | 210,938 |
| Bearer biological assets | | | |
| Oil and gas assets | | | |
| Right-of-use assets | | **306** | 613 |
| Intangible assets | | **144,014** | 145,955 |
| Including: Data resources | | | |
| Development expenditures | | | |
| Including: Data resources | | | |
| Goodwill | | **5,491** | 5,491 |
| Long-term deferred expenses | | **415** | 489 |
| Deferred income tax assets | | **66,778** | 63,784 |
| Other non-current assets | | **154,761** | 141,134 |
| **Total non-current assets** | | **1,611,460** | 1,562,239 |
| **Total assets** | | **3,424,279** | 3,815,638 |

## Consolidated Balance Sheet (Unaudited)

As at 30 June 2026

| Liabilities and owner's equity (or shareholders' equity) | Notes | 30 June 2026 RMB('000) (Unaudited) | 31 December 2025 RMB('000) (Audited) |
|---|---|---|---|
| **Current liabilities:** | | | |
| Short-term borrowings | | **11,395** | 21,021 |
| Borrowings from central bank | | | |
| Borrowed funds | | | |
| Financial liabilities held for trading | | | |
| Derivative financial liabilities | | | |
| Notes payable | | **26,071** | 82,643 |
| Accounts payable | 3 | **389,581** | 445,068 |
| Advance receipts | | | |
| Contract liabilities | | **15,665** | 15,524 |
| Financial assets sold for repurchase | | | |
| Customer deposits and interbank deposits | | | |
| Funds received from securities trading agency service | | | |
| Funds received from securities underwriting business | | | |
| Payroll payable | | **5,919** | 9,144 |
| Tax payable | | **4,796** | 41,197 |
| Other payables | | **27,104** | 16,223 |
| Handling charges and commissions payable | | | |
| Cession premiums payable | | | |
| Liabilities held for sale | | | |
| Non-current liabilities due within one year | | **116,091** | 166,452 |
| Other current liabilities | | **1,437** | 1,028 |
| **Total current liabilities** | | **598,059** | 798,300 |

# Consolidated Balance Sheet (Unaudited)

As at 30 June 2026

| Liabilities and owner's equity (or shareholders' equity) | Notes | **30 June 2026 *RMB('000)* (Unaudited)** | 31 December 2025 *RMB('000)* (Audited) |
|---|---|---|---|
| **Non-current liabilities:** | | | |
| Provision for insurance contracts | | | |
| Long-term borrowings | | **171,680** | 352,163 |
| Bonds payable | | | |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Lease liabilities | | | |
| Long-term payables | | | |
| Long-term payroll payables | | | |
| Provision for liabilities | | | |
| Deferred income | | **3,897** | 4,013 |
| Deferred income tax liabilities | | **230** | 241 |
| Other non-current liabilities | | | |
| **Total non-current liabilities** | | **175,807** | 356,417 |
| **Total liabilities** | | **773,866** | 1,154,717 |
| **Owners' equity (or shareholders' equity):** | | | |
| Paid-in capital (or share capital) | | **448,920** | 448,920 |
| Other equity instruments | | | |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Capital reserve | | **812,285** | 813,777 |
| Less: Treasury shares | | **27,920** | 27,920 |
| Other comprehensive income ("–" indicates for losses) | | **–124** | –124 |
| Special reserve | | | |
| Surplus reserve | | **185,204** | 185,204 |
| Provision for general risks | | | |
| Undistributed profits | | **1,232,048** | 1,227,679 |
| Total equity attributable to owners of the parent | | **2,650,413** | 2,647,536 |
| Minority interests | | | 13,385 |
| **Total owners' equity** | | **2,650,413** | 2,660,921 |
| **Total liabilities and owners' equity** | | **3,424,279** | 3,815,638 |

# CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2026

| Items | Notes | For the six months ended 30 June<br>2026<br>RMB('000)<br>(Unaudited) | 2025<br>RMB('000)<br>(Unaudited) |
|---|---|---|---|
| **I. Total operating revenue** | | **417,779** | 477,143 |
| Including: Operating income | 1 | **417,779** | 477,143 |
| Interest income | | | |
| Premiums earned | | | |
| Handling charges and commissions income | | | |
| **II. Total operating cost** | | **408,542** | 434,715 |
| Including: Operating cost | 1 | **333,562** | 350,358 |
| Interest expense | | | |
| Handling charges and commissions expenses | | | |
| Surrender value | | | |
| Net payments for insurance claims | | | |
| Withdrawal of insurance responsibility reserves, net | | | |
| Insurance policy dividends paid | | | |
| Reinsurance costs | | | |
| Taxes and surcharges | 2 | **5,044** | 6,938 |
| Selling expenses | | **9,540** | 10,156 |
| Management expenses | 3 | **42,285** | 44,013 |
| Research and development expenses | 4 | **12,793** | 14,646 |
| Finance costs | 5 | **5,318** | 8,604 |
| Including: Interest costs | | **5,283** | 8,940 |
| Interest income | | **1,009** | 627 |
| Add: Other income | | **590** | 1,601 |
| Investment gains | 6 | **23,814** | 16,041 |
| Including: Gains on investments in associates and joint ventures | | **23,814** | 16,041 |
| Gains on derecognition of financial assets measured at amortised cost | | | |
| Foreign exchange gains ("–" indicates for losses) | | | |
| Net income on exposure hedging ("–" indicates for losses) | | | |
| Gain from changes in fair value ("–" indicates for losses) | | | |
| Loss on credit impairment ("–" indicates for losses) | 7 | **–12,541** | 822 |
| Impairment loss on assets ("–" indicates for losses) | 8 | **–10,104** | –7,280 |
| Gains on disposal of assets ("–" indicates for losses) | | | |
| **III. Operating profits** | | **10,996** | 53,612 |
| Add: Non-operating incomes | | **39** | 21 |
| Less: Non-operating expenses | | **256** | 28 |

# Consolidated Income Statement (Unaudited)

For the six months ended 30 June 2026

| Items | Notes | For the six months ended 30 June<br>2026<br>RMB('000)<br>(Unaudited) | 2025<br>RMB('000)<br>(Unaudited) |
|---|---|---|---|
| **IV. Total profit** | | **10,779** | 53,605 |
| Less: Income tax expenses ("–" indicates for losses) | 9 | **–2,432** | 4,934 |
| **V. Net profit ("–" indicates for net losses)** | | **13,211** | 48,671 |
| (I) Classification by continuity: | | | |
| 1. Net profit from continuing operations | | **13,211** | 48,671 |
| 2. Net profit from discontinued operations | | | |
| (II) Classification by equity holdings: | | | |
| 1. Net profit attributable to owners of the parent | | **14,335** | 48,617 |
| 2. Profit and loss attributable to minority interests ("–" indicates for net losses) | | **–1,124** | 54 |
| **VI. Other comprehensive income after tax, net** | | | |
| Other comprehensive income after tax attributable to owners of the parent, net | | | |
| (I) Other comprehensive income that cannot be reclassified to profit or loss | | | |
| 1. Remeasurement of changes in defined benefit plan | | | |
| 2. Other comprehensive income that cannot be transferred to profit or loss under the equity method | | | |
| 3. Changes in fair value of other equity instruments investment | | | |
| 4. Changes in fair value arising from the Company's own credit risks | | | |
| 5. Others | | | |
| (II) Other comprehensive income that will be reclassified to profit or loss | | | |
| 1. Other comprehensive income that can be transferred to profit or loss under the equity method | | | |
| 2. Changes in fair value of other debt investments | | | |
| 3. Financial assets reclassified into other comprehensive income | | | |
| 4. Provisions for credit impairment of other debt investments | | | |
| 5. Cash flow hedge reserve | | | |
| 6. Differences on translation of foreign currency financial statements | | | |
| 7. Others | | | |
| Other comprehensive income after tax attributable to minority interests, net | | | |
| **VII. Total comprehensive income** | | **13,211** | 48,671 |
| Total comprehensive income attributable to owners of the parent | | **14,335** | 48,617 |
| Total comprehensive income attributable to minority interests ("–" indicates for losses) | | **–1,124** | 54 |
| **VIII. Earnings/losses per share:** | | | |
| (I) Basic earnings/losses per share ("–" indicates for losses) (RMB) | | **0.02** | 0.05 |
| (II) Diluted earnings/losses per share ("–" indicates for losses) (RMB) | | **0.02** | 0.05 |

# CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2026

| Items | For the six months ended 30 June<br>2026<br>*RMB('000)*<br>(Unaudited) | <br>2025<br>*RMB('000)*<br>(Unaudited) |
|---|---|---|
| **I. Cash flows from operating activities:** | | |
| Cash received from sales of goods or rendering of labour service | **790,592** | 432,734 |
| Net increase in customer deposits and interbank deposits | | |
| Net increase in loan from central bank | | |
| Net increase in loan from other financial institutions | | |
| Cash received from premiums of original insurance contracts | | |
| Net cash received from reinsurance business | | |
| Net increase in policyholder deposits and investment funds | | |
| Cash received from interests, handling charges and commissions | | |
| Net increase in borrowed funds | | |
| Net increase in funds of repurchase business | | |
| Net cash received from securities trading agency services | | |
| Refund of taxes | **1,281** | 7,221 |
| Other cash received in relation to operating activities | **17,308** | 28,902 |
| **Sub-total of cash inflow from operating activities** | **809,181** | 468,857 |
| Cash paid for goods purchased and labour service received | **378,484** | 299,120 |
| Net increase in loans and advances from customers | | |
| Net increase in deposits in central bank and other financial institutions | | |
| Cash paid for original insurance contract claims | | |
| Net increase in lendings to banks and other financial institutions | | |
| Cash paid for interest, handling charges and commissions | | |
| Cash paid for policy dividend | | |
| Cash paid to and for employees | **56,233** | 50,849 |
| Payments of taxes | **51,808** | 36,322 |
| Other cash paid in relation to operating activities | **69,141** | 59,255 |
| **Sub-total of cash outflows from operating activities** | **555,666** | 445,546 |
| **Net cash flows from operating activities** | **253,515** | 23,311 |

# Consolidated Statement of Cash Flows (Unaudited)

For the six months ended 30 June 2026

| Items | For the six months ended 30 June<br>**2026**<br>***RMB('000)***<br>**(Unaudited)** | 2025<br>*RMB('000)*<br>(Unaudited) |
|---|---|---|
| **II. Cash flows from investing activities:** | | |
| Cash from disinvestments | | |
| Cash received from return of investments | **13,002** | 11,013 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | **9** | |
| Net cash received from disposal of subsidiaries and other business units | | |
| Other cash received in relation to investing activities | **50,000** | |
| **Sub-total of cash inflows from investing activities** | **63,011** | 11,013 |
| Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets | **58,563** | 30,451 |
| Cash paid for investment | | |
| Net increase in pledged loans | | |
| Net cash paid for acquisition of subsidiaries and other business units | | |
| Other cash paid in relation to investing activities | | |
| **Sub-total of cash outflows from investing activities** | **58,563** | 30,451 |
| **Net cash flows from investing activities** | **4,448** | –19,438 |
| **III. Cash flows from financing activities:** | | |
| Cash received from investment | | |
| Including: Cash received by subsidiaries from minority shareholders' investment | | |
| Cash received from borrowings | **148,395** | 288,554 |
| Other cash received in relation to financing activities | | |
| **Sub-total of cash inflows from financing activities** | **148,395** | 288,554 |
| Cash paid for repayment of debts | **377,354** | 170,949 |
| Cash paid for distribution of dividends and profits or repayment of interest | **11,561** | 8,921 |
| Including: Dividends and profits paid to minority shareholders by subsidiaries | | |
| Other cash paid in relation to financing activities | **7,405** | 3,452 |
| **Sub-total of cash outflows for financing activities** | **396,320** | 183,322 |
| **Net cash flows from financing activities** | **–247,925** | 105,232 |
| **IV. Effect of changes in foreign exchange rates on cash and cash equivalents** | **–486** | –126 |
| **V. Net increase in cash and cash equivalents** | **9,552** | 108,979 |
| Add: Opening balance of cash and cash equivalents | **229,623** | 100,974 |
| **VI. Closing balance of cash and cash equivalents** | **239,175** | 209,953 |

# CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (UNAUDITED)

For the six months ended 30 June 2026

| Items | For the six months ended 30 June 2026 (Unaudited) Equity attributable to owners of the parent | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Other equity instruments | | | | | | | | | | | |
| | Paid-up capital (or share capital) RMB('000) | Preferred shares RMB('000) | Perpetual bonds RMB('000) | Others RMB('000) | Capital reserve RMB('000) | Less: Treasury stock RMB('000) | Other comprehensive income RMB('000) | Special reserve RMB('000) | Surplus reserve RMB('000) | Provision for general risks RMB('000) | Undistributed profits RMB('000) | Minority interests RMB('000) | Total owner's equity RMB('000) |
| I. Closing balance of prior year | 448,920 | | | | 813,777 | 27,920 | -124 | | 185,204 | | 1,227,679 | 13,385 | 2,660,921 |
| Add: Changes in accounting policies | | | | | | | | | | | | | |
| Correction of errors in prior periods | | | | | | | | | | | | | |
| Combination of enterprises under common control | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | |
| II. Opening balance of current year | 448,920 | | | | 813,777 | 27,920 | -124 | | 185,204 | | 1,227,679 | 13,385 | 2,660,921 |
| III. Increase or decrease for the period ("–" indicates for decreases) | | | | | -1,492 | | | | | | 4,369 | -13,385 | -10,508 |
| (I) Total comprehensive income | | | | | | | | | | | 14,335 | -1,124 | 13,211 |
| (II) Capital invested and decreased by owners | | | | | -1,445 | | | | | | | -12,261 | -13,706 |
| 1. Ordinary shares invested by owners | | | | | | | | | | | | | |
| 2. Capital invested by holders of other equity instruments | | | | | | | | | | | | | |
| 3. Amounts of share-based payments included in owners' equity | | | | | | | | | | | | | |
| 4. Others | | | | | -1,445 | | | | | | | -12,261 | -13,706 |
| (III) Profit distribution | | | | | | | | | | | -9,966 | | -9,966 |
| 1. Appropriation to surplus reserve | | | | | | | | | | | | | |
| 2. Withdrawal of provision for general risks | | | | | | | | | | | | | |
| 3. Distribution to owners (or shareholders) | | | | | | | | | | | -9,966 | | -9,966 |
| 4. Others | | | | | | | | | | | | | |
| (IV) Internal carry-forward of owners' equities | | | | | | | | | | | | | |
| 1. Capital reserve transferred to capital (or share capital) | | | | | | | | | | | | | |
| 2. Surplus reserves transferred to capital (or share capital) | | | | | | | | | | | | | |
| 3. Surplus reserves offsetting losses | | | | | | | | | | | | | |
| 4. Changes arising from defined benefit plans carried forward to retained earnings | | | | | | | | | | | | | |
| 5. Other comprehensive income carried forward to retained earnings | | | | | | | | | | | | | |
| 6. Others | | | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | | | | |
| 1. Amount withdrawn in current period | | | | | | | | | | | | | |
| 2. Amount used in current period | | | | | | | | | | | | | |
| (VI) Others | | | | | -47 | | | | | | | | -47 |
| IV. Closing balance of current period | 448,920 | | | | 812,285 | 27,920 | -124 | | 185,204 | | 1,232,048 | | 2,650,413 |

# Consolidated Statement of Changes in Owners' Equity (Unaudited)

For the six months ended 30 June 2026

| | For the six months ended 30 June 2025 (Unaudited) Equity attributable to owners of the parent | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Items | Paid-up capital (or share capital) RMB('000) | Other equity instruments Preferred shares RMB('000) | Other equity instruments Perpetual bonds RMB('000) | Other equity instruments Others RMB('000) | Capital reserve RMB('000) | Less: Treasury stock RMB('000) | Other comprehensive income RMB('000) | Special reserve RMB('000) | Surplus reserve RMB('000) | Provision for general risks RMB('000) | Undistributed profits RMB('000) | Minority interests RMB('000) | Total owner's equity RMB('000) |
| **I. Closing balance of prior year** | 448,920 | | | | 813,934 | 24,878 | –124 | | 156,495 | | 987,101 | 12,925 | 2,394,373 |
| Add: Changes in accounting policies | | | | | | | | | | | | | |
| Correction of errors in prior periods | | | | | | | | | | | | | |
| Combination of enterprises under common control | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | |
| **II. Opening balance of current year** | 448,920 | | | | 813,934 | 24,878 | –124 | | 156,495 | | 987,101 | 12,925 | 2,394,373 |
| **III. Increase or decrease for the period ("–" indicates for decreases)** | | | | | 174 | 2,752 | | | | | 33,533 | 54 | 31,009 |
| (I) Total comprehensive income | | | | | | | | | | | 48,617 | 54 | 48,671 |
| (II) Capital invested and decreased by owners | | | | | | 2,752 | | | | | | | –2,752 |
| 1. Ordinary shares invested by owners | | | | | | | | | | | | | |
| 2. Capital invested by holders of other equity instruments | | | | | | | | | | | | | |
| 3. Amounts of share-based payments included in owners' equity | | | | | | | | | | | | | |
| 4. Others | | | | | | 2,752 | | | | | | | –2,752 |
| (III) Profit distribution | | | | | | | | | | | –15,084 | | –15,084 |
| 1. Appropriation to surplus reserve | | | | | | | | | | | | | |
| 2. Withdrawal of provision for general risks | | | | | | | | | | | | | |
| 3. Distribution to owners (or shareholders) | | | | | | | | | | | –15,084 | | –15,084 |
| 4. Others | | | | | | | | | | | | | |
| (IV) Internal carry-forward of owners' equities | | | | | | | | | | | | | |
| 1. Capital reserve transferred to capital (or share capital) | | | | | | | | | | | | | |
| 2. Surplus reserves transferred to capital (or share capital) | | | | | | | | | | | | | |
| 3. Surplus reserves offsetting losses | | | | | | | | | | | | | |
| 4. Changes arising from defined benefit plans carried forward to retained earnings | | | | | | | | | | | | | |
| 5. Other comprehensive income carried forward to retained earnings | | | | | | | | | | | | | |
| 6. Others | | | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | | | | |
| 1. Amount withdrawn in current period | | | | | | | | | | | | | |
| 2. Amount used in current period | | | | | | | | | | | | | |
| (VI) Others | | | | | 174 | | | | | | | | 174 |
| **IV. Closing balance of current period** | 448,920 | | | | 814,108 | 27,630 | –124 | | 156,495 | | 1,020,634 | 12,979 | 2,425,382 |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## I. GENERAL INFORMATION OF THE COMPANY

Hebei Yichen Industrial Group Corporation Limited (hereinafter referred to as the "**Company**" and collectively with its subsidiaries, the "**Group**") was formerly known as Hebei Yichen Industrial Group Co., Ltd. (河北翼辰實業集團有限公司). On 9 April 2001, the Company was registered with the Administration for Market Regulation of Shijiazhuang (石家莊市市場監督管理局) and its headquarters is located in Shijiazhuang City, Hebei Province. The registered capital of the Company is RMB448,920,000 and its total number of shares is 897,840,000 with a nominal value of RMB0.5 per share, among which, 673,380,000 are domestic shares and 224,460,000 are H shares. The H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 21 December 2016.

The Company belongs to the manufacturing sector, and it is principally engaged in research and development, manufacturing and sales of products including rail fastening system, welding wire and railway sleeper. Its main products include rail fastening system, welding wire and railway sleeper products.

These financial statements were approved for publication at the 10th meeting of the fourth session of the board of directors of the Company (the "**Board**") on 27 August 2026.

## II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### (I) Basis of Preparation

These financial statements of the Company are prepared on a going concern basis.

### (II) Evaluation on Ability of Continuing Operation

The Company has no events or circumstances that may cast significant doubts upon the Company's ability to continue as a going concern within the 12 months after the end of the reporting period.

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

### (I) Accounting Policies

These financial statements are prepared according to the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and relevant regulations, as well as the disclosure requirements under the Listing Rules of the Stock Exchange and Hong Kong Companies Ordinance, and based on the accounting policies and accounting estimates applicable to the Company.

This interim report has not included all notes in the annual report. Accordingly, this interim report should be read in conjunction with the 2025 annual report. The accounting policies adopted by the Company in preparation of this interim report are consistent with those adopted for the 2025 annual financial statements.

### (II) Statement of Compliance with the Accounting Standards for Business Enterprises

The Company has prepared the financial statements in compliance with the Accounting Standards for Business Enterprises in order to give a true and full view of the information on the financial conditions, operating results and cash flows of the Company.

# IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (I) Notes to Items in the Consolidated Balance Sheet

Note: In the notes to these financial statements, the closing balance of last year and the opening balance represent the figures in the financial statements as at 31 December 2025, the closing balance represents the figures in the financial statements as at 30 June 2026, the amounts for the period refers to the period from January to June 2026, and the amounts for the same period of last year refers to the period from January to June 2025.

### 1. *Accounts receivable*

(1) Breakdown

Breakdown by category

| Categories | Closing balance | | | | |
|---|---|---|---|---|---|
| | Book balance | | Provision for bad debts | | Book value |
| | Amount *RMB('000)* | Proportion *(%)* | Amount *RMB('000)* | Percentage of provision *(%)* | *RMB('000)* |
| Provision for bad debts made individually | 9,184 | 0.68 | 9,184 | 100.00 | |
| Provision for bad debts made collectively | 1,343,813 | 99.32 | 328,379 | 24.44 | 1,015,434 |
| Total | 1,352,997 | 100.00 | 337,563 | 24.95 | 1,015,434 |

| Categories | Closing balance of last year | | | | |
|---|---|---|---|---|---|
| | Book balance | | Provision for bad debts | | Book value |
| | Amount *RMB('000)* | Proportion *(%)* | Amount *RMB('000)* | Percentage of provision *(%)* | *RMB('000)* |
| Provision for bad debts made individually | 9,184 | 0.50 | 9,184 | 100.00 | |
| Provision for bad debts made collectively | 1,821,228 | 99.50 | 316,628 | 17.39 | 1,504,600 |
| Total | 1,830,412 | 100.00 | 325,812 | 17.80 | 1,504,600 |

# IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

## (I) Notes to Items in the Consolidated Balance Sheet *(Continued)*

### 1. *Accounts receivable* *(Continued)*

(2) Ageing analysis

| Items | Book balance | |
|---|---|---|
| | **Closing balance RMB('000)** | Closing balance of last year RMB('000) |
| Within 1 year | **656,260** | 1,103,661 |
| 1 to 2 years | **195,862** | 251,642 |
| 2 to 3 years | **169,981** | 174,637 |
| 3 to 4 years | **127,786** | 141,433 |
| 4 to 5 years | **104,342** | 60,508 |
| Over 5 years | **98,766** | 98,531 |
| Subtotal | **1,352,997** | 1,830,412 |

### 2. *Long-term equity investment*

(1) Classification

| Item | Closing balance | | | Closing balance of last year | | |
|---|---|---|---|---|---|---|
| | **Book balance RMB('000)** | **Provision for impairment RMB('000)** | **Book value RMB('000)** | Book balance RMB('000) | Provision for impairment RMB('000) | Book value RMB('000) |
| Investments in associates | **363,224** | | **363,224** | 345,977 | | 345,977 |

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

### (I) Notes to Items in the Consolidated Balance Sheet *(Continued)*

2. *Long-term equity investment* (Continued)

(2) Breakdown

| Investee | Opening balance | | Increase or decrease during the period | | | |
|---|---|---|---|---|---|---|
| | Book value | Provision for impairment | Additional investments | Decrease in investments | Investment profit or loss recognised using equity method | Adjustment to other comprehensive income |
| | *RMB('000)* | *RMB('000)* | *RMB('000)* | *RMB('000)* | *RMB('000)* | *RMB('000)* |
| Associate | | | | | | |
| Hebei Tieke Yichen New Material Technology Co., Ltd. (hereinafter referred to as Tieke Yichen) | 345,977 | | | | 23,814 | |
| Total | 345,977 | | | | 23,814 | |

| Investee | Increase or decrease during the period | | | | Closing balance | |
|---|---|---|---|---|---|---|
| | Other changes in equity | Cash dividends or profit distribution declared | Provision for impairment | Others | Book value | Provision for impairment |
| | *RMB('000)* | *RMB('000)* | *RMB('000)* | *RMB('000)* | *RMB('000)* | *RMB('000)* |
| Associate | | | | | | |
| Tieke Yichen | –47 | –13,002 | | 6,482 | 363,224 | |
| Total | –47 | –13,002 | | 6,482 | 363,224 | |

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

### (I) Notes to Items in the Consolidated Balance Sheet *(Continued)*

*3. Accounts payable*

(1) Breakdown

| Items | **Closing balance** ***RMB('000)*** | Closing balance of last year *RMB('000)* |
|---|---|---|
| Payables for materials | **311,063** | 368,024 |
| Payables for technology transfer | **57,819** | 55,399 |
| Payables for transportation | **13,365** | 13,029 |
| Payables for electricity and others | **7,334** | 8,616 |
| Total | **389,581** | 445,068 |

(2) Ageing analysis

| Ageing | **Closing balance** ***RMB('000)*** |
|---|---|
| Within 1 year | **356,198** |
| Over 1 year | **33,383** |
| Total | **389,581** |

# IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

## (II) Notes to the Consolidated Income Statement

### 1. *Operating revenue/operating cost*

(1) Breakdown

| Items | Amounts for the period Revenue RMB('000) | Amounts for the period Cost RMB('000) | Amounts for the same period of last year Revenue RMB('000) | Amounts for the same period of last year Cost RMB('000) |
|---|---|---|---|---|
| Revenue from principal business | **413,170** | **330,537** | 474,139 | 348,449 |
| Other operating revenue | **4,609** | **3,025** | 3,004 | 1,909 |
| Total | **417,779** | **333,562** | 477,143 | 350,358 |

(2) Breakdown of revenue by type of goods or services

| Items | Amounts for the period Revenue RMB('000) | Amounts for the period Cost RMB('000) | Amounts for the same period of last year Revenue RMB('000) | Amounts for the same period of last year Cost RMB('000) |
|---|---|---|---|---|
| Rail fastening system | **205,017** | **127,279** | 303,537 | 183,738 |
| Welding wire | **177,624** | **176,739** | 141,841 | 142,211 |
| Railway sleepers | **30,529** | **26,519** | 28,761 | 22,500 |
| Others | **4,609** | **3,025** | 3,004 | 1,909 |
| Subtotal | **417,779** | **333,562** | 477,143 | 350,358 |

### 2. *Taxes and surcharges*

| Items | Amounts for the period RMB('000) | Amounts for the same period of last year RMB('000) |
|---|---|---|
| Urban maintenance and construction tax | **22** | 1,169 |
| Education surcharge | **11** | 515 |
| Local education surcharge | **7** | 343 |
| Stamp duty | **304** | 339 |
| Real estate tax | **2,806** | 2,756 |
| Land use tax | **1,893** | 1,815 |
| Others | **1** | 1 |
| Total | **5,044** | 6,938 |

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

### (II) Notes to the Consolidated Income Statement *(Continued)*

*3. Management expenses*

| Items | Amounts for the period RMB('000) | Amounts for the same period of last year RMB('000) |
|---|---|---|
| Payroll | **12,761** | 12,490 |
| Depreciation and amortisation | **13,611** | 14,359 |
| Technology transfer fee | **2,250** | 4,585 |
| Agency fee | **987** | 1,137 |
| Others | **12,676** | 11,442 |
| Total | **42,285** | 44,013 |

*4. Research and development expenses*

| Items | Amounts for the period RMB('000) | Amounts for the same period of last year RMB('000) |
|---|---|---|
| Material | **8,364** | 8,559 |
| Payroll | **2,677** | 3,246 |
| Utilities | **1,508** | 2,072 |
| Depreciation | **181** | 499 |
| Others | **64** | 270 |
| Total | **12,793** | 14,646 |

*5. Finance costs*

| Items | Amounts for the period RMB('000) | Amounts for the same period of last year RMB('000) |
|---|---|---|
| Interest expense | **5,283** | 8,940 |
| Less: Interest income | **1,009** | 627 |
| Exchange gains or losses | **629** | 126 |
| Others | **415** | 165 |
| Total | **5,318** | 8,604 |

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

### (II) Notes to the Consolidated Income Statement *(Continued)*

*6. Investment gains/losses*

| Item | Amounts for the period RMB('000) | Amounts for the same period of last year RMB('000) |
|---|---|---|
| Gains from long-term equity investment calculated under equity method | **23,814** | 16,041 |
| Total | **23,814** | 16,041 |

*7. Loss on credit impairment*

| Item | Amounts for the period RMB('000) | Amounts for the same period of last year RMB('000) |
|---|---|---|
| Loss on bad debts | **–12,541** | 822 |
| Total | **–12,541** | 822 |

*8. Impairment loss on assets*

| Items | Amounts for the period RMB('000) | Amounts for the same period of last year RMB('000) |
|---|---|---|
| Impairment loss on contract assets | **327** | 2,185 |
| Impairment loss on inventories | **–10,431** | –9,465 |
| Total | **–10,104** | –7,280 |

*9. Income tax expenses*

| Items | Amounts for the period RMB('000) | Amounts for the same period of last year RMB('000) |
|---|---|---|
| Current income tax expenses | **573** | 5,880 |
| Deferred income tax expenses | **–3,005** | –946 |
| Total | **–2,432** | 4,934 |

## V. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The risk management of the Company is to achieve a balance between risks and revenue, thereby minimising the negative impact of risks on its operating results and maximising the interest of its Shareholders and other equity investors. Based on these risk management objectives, the Company's basic strategies for risk management are to identify and analyse the Company's exposures to risks, establish an appropriate risk tolerance threshold and risk management, and supervise various risks in a timely and reliable manner, ensuring the risks are controlled within the specified limits.

During the daily operation, the Company is exposed to various risks associated with the financial instruments, which mainly include credit risk, liquidity risk and market risk. The management has reviewed and approved the policies for managing each of these risks which are summarised below.

### (I) Credit Risk

Credit risk is the risk of financial losses for a party arising from the default of the other party to the financial instruments.

#### 1. *Credit risk management practices*

(1) Methods for credit risk assessment

The Company assesses whether credit risk on relevant financial instrument has significantly increased since initial recognition as at each balance sheet date. In determining whether credit risk has significantly increased since initial recognition, the Company takes into consideration reasonable and supportable information available without undue cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating and forward-looking information. Based on a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics and by comparing the default risk of financial instruments as at a balance sheet date with that risk on the date of initial recognition, the Company determines the change of default risk of financial instruments over expected life.

When one or more of the following quantitative or qualitative criteria are triggered, the Company believes that the credit risk of financial instruments has significantly increased:

1) The quantitative criteria mainly represent an increase of the default probability of the remaining life on the balance sheet date by more than a certain percentage compared with that at the initial recognition;

2) The qualitative criteria mainly represent material and adverse changes of the debtor in the operating or financial situation, existing or expected changes in the technical, market, economic or legal environment, which will have a material and adverse impact on the debtor's ability to repay the Company.

## V. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS *(Continued)*

### (I) Credit Risk *(Continued)*

#### 1. *Credit risk management practices (Continued)*

(2) Definition of defaulted asset and credit-impaired asset

When a financial instrument satisfies one or more of the following conditions, the financial asset will be defined as having defaulted by the Company in accordance with the criteria consistent with the definition of credit-impaired asset:

1) The debtor has significant financial difficulties;

2) The debtor breaches the clauses binding on itself in the contract;

3) The debtor probably enters bankruptcy or other financial reorganisation;

4) The creditor, for economic or contractual reasons related to the debtor's financial difficulties, grants to the debtor concessions that the creditor would not otherwise grant.

#### 2. *Measurement of expected credit loss*

The key parameters for measurement of expected credit loss include probability of default, loss given default and exposure at default. The Company has established the models for probability of default, loss given default and exposure at default by taking into account the quantitative analysis on historical statistical data (such as counterparty rating, method of security and types of collateral, method of repayment, etc.) and forward-looking information.

#### 3, *Credit risk exposure and concentration of credit risk*

Credit risks of the Company arise primarily from monetary capital and receivables. In order to control the relevant risks above, the Company has taken the following measures respectively.

(1) Monetary capital

The Company places bank deposits and other monetary capital in financial institutions with high credit ratings, therefore its credit risks are low.

(2) Receivables and contract assets

The Company conducts regular credit assessments on customers who trade on credit terms. Based on the credit assessment results, the Company chooses to trade with recognised and creditworthy customers, and carries out control on the balances of receivables to ensure that the Company's exposure to bad debts is not significant.

As the Company's exposure to accounts receivable spreads over a number of partners and customers, 32.63% (31 December 2025: 42.81%) of the Company's accounts receivable and contract assets as of 30 June 2026 was due from the five largest customers in terms of balance, thus the Company has no significant concentration of credit risk.

The maximum credit risk exposure of the Company is the book value of each financial asset in the balance sheet.

## V. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS *(Continued)*

### (II) Liquidity Risk

Liquidity risk is the risk that the Company will encounter shortage of funds in meeting obligations that are settled by delivering cash or other financial assets. It may arise when the Company is not able to sell financial assets at fair value in a timely manner; or the counterparties are not able to repay contractual liabilities; or the Company could be required to pay its liabilities earlier than expected; or the Company could not obtain sufficient cash flow as expected.

For the purpose of controlling the risk, the Company maintains a balance between continuity and flexibility of funding through the combination of several financing methods, such as notes settlement and bank borrowings, as well as optimising financing structure through the combination of long and short-term financing. The Company has obtained banking facilities from several commercial banks to fund the working capital requirements and capital expenditure.

*Classification of financial liabilities based on the remaining maturity*

| Items | Closing balance | | | | |
|---|---|---|---|---|---|
| | Book value *RMB('000)* | Undiscounted contractual amount *RMB('000)* | Within 1 year *RMB('000)* | 1 to 3 years *RMB('000)* | Over 3 years *RMB('000)* |
| Bank borrowings | 298,524 | 307,610 | 129,175 | 178,435 | |
| Bills payable | 26,071 | 26,071 | 26,071 | | |
| Accounts payable | 389,581 | 389,581 | 389,581 | | |
| Other payables | 17,138 | 17,138 | 17,138 | | |
| Lease liabilities and lease liabilities due within one year | 642 | 642 | 642 | | |
| Sub-total | 731,956 | 741,042 | 562,607 | 178,435 | |

| Items | Closing balance of last year | | | | |
|---|---|---|---|---|---|
| | Book value *RMB('000)* | Undiscounted contractual amount *RMB('000)* | Within 1 year *RMB('000)* | 1 to 3 years *RMB('000)* | Over 3 years *RMB('000)* |
| Bank borrowings | 539,004 | 556,136 | 190,654 | 365,481 | |
| Bills payable | 82,643 | 82,643 | 82,643 | | |
| Accounts payable | 445,068 | 445,068 | 445,068 | | |
| Other payables | 16,223 | 16,223 | 16,223 | | |
| Lease liabilities and lease liabilities due within one year | 632 | 642 | 642 | | |
| Sub-total | 1,083,570 | 1,100,712 | 735,230 | 365,481 | |

## V. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS *(Continued)*

### (III) Market Risk

#### 1. *Interest risk*

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest-bearing financial instruments with fixed interest rate expose the Company to fair value interest rate risk, while interest-bearing financial instruments with floating interest rate expose the Company to cash flow interest rate risk. The Company determines the ratio of fixed-rate and floating-rate financial instruments in accordance with market circumstance, and maintains an appropriate portfolio of financial instrument through regular review and monitoring. The Company's exposure to cash flow interest rate risk primarily relates to the Company's bank borrowings with floating interest rate.

As of 30 June 2026, the Company's bank borrowings with floating interest rate totalled RMB189,759,000.00 (31 December 2025: RMB399,680,000.00). Assuming all other variables held constant, a 50 basis points change in interest rates will not have a significant impact on the Company's total profit and shareholders' interests.

#### 2. *Foreign exchange risk*

The Company operates in Mainland China, and its main activities are denominated in RMB. Therefore, the Company's exposure to market risk in respect of changes in foreign exchange is not significant.

## VI. FAIR VALUE DISCLOSURE

### (I) Breakdown of Fair Value at the End of the Period of Assets and Liabilities Measured at Fair Value

| Items | Fair value at the end of the period<br>Level 1<br>Fair value measurement<br>*RMB('000)* | Level 2<br>Fair value measurement<br>*RMB('000)* | Level 3<br>Fair value measurement<br>*RMB('000)* | Total<br>*RMB('000)* |
|---|---|---|---|---|
| Recurring fair value measurement | | | | |
| 1. Financing of receivables | | | **6,237** | **6,237** |
| 2. Other equity instruments investment | | | **8,197** | **8,197** |
| Total assets measured at fair value on a recurring basis | | | **14,434** | **14,434** |

### (II) Valuation Techniques Used and Qualitative and Quantitative Information on Key Parameters for Recurring and Non-recurring Level 3 Fair Value Measurements

The financing of receivables within Level 3 fair value measurement held by the Company represent bank acceptance notes receivable which have low credit risk and short remaining terms. The Company determines their fair values based on their nominal balances.

Other equity instruments investment within Level 3 fair value measurement held by the Company represents equity interest in unlisted companies. For unlisted equity instruments investment, the Company estimates fair value by using the market approach in combination with discounted future cash flows. For investees whose operating environment, operating position and financial conditions have no significant changes, these investees are measured at the investment costs as a reasonable estimate of its fair value.

## VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

### (I) Related Parties

*1. Information on the parent of the Company*

The Company is jointly controlled by natural persons and the ultimate controllers are Zhang Haijun, Zhang Junxia, Zhang Xiaogeng, Zhang Xiaosuo, Zhang Ligang, Wu Jinyu, Zhang Chao, Zhang Lijie, Zhang Lifeng, Zhang Yanfeng, Zhang Libin, Zhang Lihuan, Zhang Ning, Zhang Hong and Zhang Ruiqiu.

*2. Information on the associates of the Company*

| Name of associate | Relationship with the Company |
|---|---|
| Tieke Yichen | Significant associate of the Company |

*3. Information on other related parties of the Company*

| Name of other related parties | Relationship between other related parties and the Company |
|---|---|
| Hebei Chenteng Power Sales Co., Ltd. (hereinafter referred to as Chenteng Power Sales) | Enterprise controlled by actual controllers and their close family members |
| Shijiazhuang City Gaocheng District Longji Corporate Management Co., Ltd. (hereinafter referred to as Longji Corporate Management) | Enterprise controlled by actual controllers and their close family members |
| Yin Yanping | Spouse of Zhang Lihuan |
| Zhou Qiuju | Spouse of Zhang Haijun |
| Zhou Hao | A supervisor of the Company |
| Beijing Metro Line 17 Investment Co., Ltd | A company controlled by Beijing Infrastructure Investment Co., Ltd.* (北京市基礎設施投資有限公司), a shareholder of the Company |
| Beijing MTR Construction Administration Corporation | A company controlled by Beijing Infrastructure Investment Co., Ltd., a shareholder of the Company |
| Beijing Metro Line 12 Investment Co., Ltd | A company controlled by Beijing Infrastructure Investment Co., Ltd., a shareholder of the Company |
| Beijing Suburban Railway Integration Development Group Co., Ltd.* (北京市域鐵路融合發展集團有限公司) | A company controlled by Beijing Infrastructure Investment Co., Ltd., a shareholder of the Company |

## VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

### (II) Related Party Transactions

1. *Related party transactions regarding purchase and sale of goods, provision and acceptance of labour services*

(1) Related party transactions regarding purchase of goods and acceptance of labour services

| Related parties | Information on related party transactions | **Amounts for the period *RMB('000)*** | Amounts for the same period of last year *RMB('000)* |
|---|---|---|---|
| Tieke Yichen | Purchase of goods | **73,472** | 95,696 |
| Chenteng Power Sales | Purchase of electricity | **23,933** | 17,014 |
| Total | | **97,405** | 112,710 |

(2) Related party transactions for sales of goods and provision of labour services

| Related parties | Information on related party transactions | **Amounts for the period *RMB('000)*** | Amounts for the same period of last year *RMB('000)* |
|---|---|---|---|
| Tieke Yichen | Sales of water, electricity and gas | **14** | 167 |
| | Provision of labour services | **37** | 231 |
| | Sales of goods | **2,046** | 2,016 |
| Sub-total | | **2,097** | 2,414 |
| Beijing MTR Construction Administration Corporation | Sales of goods | **17** | 17,519 |
| Beijing Metro Line 17 Investment Co., Ltd | Sales of goods | **12** | 7, 883 |
| Beijing Metro Line 12 Investment Co., Ltd | Sales of goods | **119** | |
| Beijing Suburban Railway Integration Development Group Co., Ltd. | Sales of goods | **837** | 300 |
| Total | | **3,082** | 28,116 |

## VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

### (II) Related Party Transactions *(Continued)*

*2. Related party leases*

The Company as a lessee

| | | Amount for the period | | | |
|---|---|---|---|---|---|
| | | | Recognised right-of-use assets lease | | |
| Name of lessors | Types of leased assets | Rental expenses for short term leases and leases of low-value assets using the simplified approach and variable lease payments not included in the measurement of lease liabilities | Rental paid (excluding variable lease payments not included in the measurement of lease liabilities) | Increased principal amount of lease liabilities | Recognised interest expenses |
| | | *RMB('000)* | *RMB('000)* | *RMB('000)* | *RMB('000)* |
| Longji Corporate Management | Building | | | | **10** |
| Zhang Haijun | Building | **216** | | | |

| | | Amounts for the same period of last year | | | |
|---|---|---|---|---|---|
| | | | Recognised right-of-use assets lease | | |
| Name of lessors | Types of leased assets | Rental expenses for short term leases and leases of low-value assets using the simplified approach and variable lease payments not included in the measurement of lease liabilities | Rental paid (excluding variable lease payments not included in the measurement of lease liabilities) | Increased principal amount of lease liabilities | Recognised interest expenses |
| | | *RMB('000)* | *RMB('000)* | *RMB('000)* | *RMB('000)* |
| Longji Corporate Management | Building | | 642 | | 20 |
| Zhang Haijun | Building | 216 | | | |

## VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

### (II) Related Party Transactions *(Continued)*

#### 3. *Guarantee with related parties*

The Company and its subsidiaries as the secured parties

| Guarantors | Guaranteed amount *RMB('000)* | Commencement date of the guarantee | Expiry date of the guarantee | Guarantee fully fulfilled |
|---|---|---|---|---|
| Zhang Lifeng [Note 1] | 2,000 | 11 September 2025 | 11 September 2026 | No |
| Zhang Haijun, Zhou Qiuju [Note 2] | 119,400 | 28 March 2025 | 23 March 2028 | No |

[Note 1] Zhang Lifeng signed a maximum guarantee contract of up to RMB10 million with Bank of China Limited Xingtai Branch on behalf of the Company. As of 30 June 2026, the borrowing balance with Bank of China Limited Xingtai Branch was RMB2 million.

[Note2] Zhang Haijun and Zhou Qiuju provided joint and several guarantees of up to RMB550 million for the signing of RMB capital loan contracts, foreign exchange capital loan contracts, bank acceptance agreements, letter of credit issuance contracts, letter of guarantee issuance agreements and other legal documents between the Company and China Construction Bank Corporation Gaocheng Branch.

#### 4. *Compensation to key management personnel*

| Item | **Amounts for the period** ***RMB('000)*** | Amounts for the same period of last year *RMB('000)* |
|---|---|---|
| Compensation to key management personnel | **1,578** | 1,647 |

## VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

### (III) Amount Due from/to Related Parties

*1. Amount due from related parties*

| Name of items | Related party | Closing balance | | Closing balance of last year | |
|---|---|---|---|---|---|
| | | Book balance *RMB('000)* | Provision for bad debts *RMB('000)* | Book balance *RMB('000)* | Provision for bad debts *RMB('000)* |
| Accounts receivable | Tieke Yichen | 9,699 | 528 | 7,821 | 303 |
| | Beijing MTR Construction Administration Corporation | 23,430 | 2,076 | 23,412 | 468 |
| | Beijing Metro Line 17 Investment Co., Ltd | 9,809 | 909 | 9,796 | 196 |
| | Beijing Metro Line 12 Investment Co., Ltd | 113 | 2 | 99 | 2 |
| | Beijing Suburban Railway Integration Development Group Co., Ltd. | 1,400 | 53 | 502 | 10 |
| Sub-total | | 44,451 | 3,568 | 41,630 | 979 |
| Prepayments | Chenteng Power Sales | 12,717 | | 8,360 | |
| Sub-total | | 12,717 | | 8,360 | |
| Other receivables | Yin Yanping | 37 | 18 | 37 | 11 |
| | Zhou Hao | 6 | 1 | 6 | 1 |
| | Tieke Yichen | 3 | 1 | | |
| Sub-total | | 46 | 20 | 43 | 12 |
| Other non-current assets | Beijing MTR Construction Administration Corporation | 693 | 104 | 693 | 104 |
| | Beijing Suburban Railway Integration Development Group Co., Ltd. | 74 | 11 | 26 | 4 |
| Sub-total | | 767 | 115 | 720 | 108 |

## VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

### (III) Amount Due from/to Related Parties *(Continued)*

2. *Amount due to related parties*

| Name of items | Related party | Closing balance *RMB('000)* | Closing balance of last year *RMB('000)* |
|---|---|---|---|
| Bills payable | Tieke Yichen | | 33,000 |
| Sub-total | | | 33,000 |
| Accounts payable | Tieke Yichen | **171,332** | 218,082 |
| Sub-total | | **171,332** | 218,082 |
| Other payables | Longji Corporate Management | **29** | |
| | | **29** | |
| Non-current liabilities due within one year | Longji Corporate Management | **642** | 622 |
| Sub-total | | **642** | 622 |

## VIII. COMMITMENTS AND CONTINGENCIES

### (I) Significant Commitments

As of the balance sheet date, the Company has no significant commitments that need to be disclosed.

### (II) Contingencies

As of the balance sheet date, the Company has no significant contingencies that need to be disclosed.

## IX. EVENTS AFTER THE BALANCE SHEET DATE

As of the date of this financial report, the Company has no significant events after the balance sheet date that need to be disclosed.

## X. OTHER SIGNIFICANT EVENTS

### (I) Information on the Equity Acquisition of Hebei Chenxiang Electricity Sales Co., Ltd.

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, whereby 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 in accordance with and subject to the terms and conditions of the equity transfer agreement. The transaction was approved by the extraordinary general meeting on 28 May 2026. As of the date of this financial report, the Company has not paid the consideration for the equity acquisition.

### (II) Segment Information

The major business of the Company is the manufacturing and sales of rail fastening system, welding wire and railway sleeper products. The Company regards this business as a whole when implementing management and assessing operating results. Accordingly, the Company is not required to disclose segment information. Details of the Company's revenue breakdown are set out in Note IV(II) 1 to these financial statements.

## XI. OTHER SUPPLEMENTAL INFORMATION

### Earnings/(losses) per Share

| Profit for the period | Earnings/(losses) per share (RMB/share) Basic earnings/ (losses) per share | Earnings/(losses) per share (RMB/share) Diluted earnings/ (losses) per share |
|---|---|---|
| Net profit/(net loss) attributable to ordinary shareholders of the Company | **0.02** | **0.02** |

| Profit for the same period of last year | Earnings/(losses) per share (RMB/share) Basic earnings/ (losses) per share | Earnings/(losses) per share (RMB/share) Diluted earnings/ (losses) per share |
|---|---|---|
| Net profit/(net loss) attributable to ordinary shareholders of the Company | 0.05 | 0.05 |

### Dividends

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2026 (for the six months ended 30 June 2025: nil).

A final dividend of RMB9,966,024 (approximately RMB0.0111 per share (tax inclusive)) for the year ended 31 December 2025 was approved by the shareholders at the annual general meeting held on 28 May 2026 and paid in July 2026.

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY REVIEW

In the first half of 2026, China withstood the economic headwinds and maintained overall stability, while shifting toward an innovation-driven and upgraded transformation, demonstrating strong resilience and vitality. According to the data released by the National Bureau of Statistics, the GDP for the first half of the year increased by 4.7% year-on-year at constant prices.

In the first half of 2026, railway construction advanced with high quality and efficiency. The fixed asset investments in national railways amounted to RMB363.2 billion, representing a year-on-year increase of 2.1%, and a total of 355.2 kilometres of new railway lines were put into operation, marking a good start to the "15th Five-Year Plan".

## BUSINESS REVIEW

In the first half of 2026, navigating a complex and changing landscape, regional and local authorities have taken proactive initiatives, adopted comprehensive strategies, precisely implemented more proactive macroeconomic policies and fostered new quality productive forces tailored to local conditions to effectively respond to external shocks and challenges. China withstood the economic headwinds and maintained overall stability, while shifting toward an innovation-driven and upgraded transformation, demonstrating strong resilience and vitality. During the six months ended 30 June 2026 (the "**period under review**"), the Company actively communicated with customers and suppliers, and timely adjusted its production and operation plans based on changes in customer demand and market to effectively control the impact of external factors on business operations.

The Group is a leading rail fastening system product provider in the PRC, with its major businesses including: (1) rail fastening system products; (2) welding wire products; and (3) railway sleeper products. For the six months ended 30 June 2026, total revenue of the Group amounted to approximately RMB417.8 million, representing a year-on-year decrease of approximately 12.4%.

## Rail Fastening System Products

For the six months ended 30 June 2026, the revenue from rail fastening system products amounted to approximately RMB205.0 million, accounting for approximately 49.1% of the Group's total revenue and representing a decrease of approximately RMB98.5 million as compared with the revenue of approximately RMB303.5 million from rail fastening system for the same period of 2025. The change in revenue from rail fastening system products was attributable to a decrease in shipments of rail fastening system products, driven by the construction progress of railway projects and changes in product mix.

During the period under review, the operating cost relating to rail fastening system products was approximately RMB127.3 million, representing a decrease of approximately RMB56.4 million from approximately RMB183.7 million for the same period of 2025. The change in the operating cost was mainly due to the corresponding decrease in operating revenue during the period under review.

During the period under review, the gross profit of rail fastening system products decreased by approximately 35.1% from approximately RMB119.8 million for the same period of 2025 to approximately RMB77.7 million; the gross profit margin of rail fastening system products decreased by 1.6% from approximately 39.5% for the same period of 2025 to approximately 37.9%. The change in gross profit from rail fastening system products was mainly attributable to the combined effect of a decrease in revenue related to rail fastening system products and changes in the Group's product mix.

As of 30 June 2026, the Group's initial contract value of agreements on supplying rail fastening systems amounted to approximately RMB721.0 million, representing an increase of approximately 43.5% from the same period of last year; the initial contract value of agreements on high-speed rail fastening systems amounted to approximately RMB537.7 million, representing an increase of approximately 44.7% compared with the same period of last year; the initial contract value of agreements on urban transit fastening systems amounted to approximately RMB69.6 million, representing a decrease of approximately 24.3% compared with the same period of last year; the initial contract value of agreements on normal-speed rail fastening systems was approximately RMB38.4 million, representing a decrease of approximately 1.3% compared with the same period of last year; and the initial contract value of agreements on heavy-haul rail fastening systems was approximately RMB75.3 million. As of 30 June 2026, the backlog of the Group amounted to approximately RMB1,727.5 million (value-added tax included).

### Welding Wire Products

For the six months ended 30 June 2026, the revenue from welding wire products amounted to approximately RMB177.6 million, accounting for approximately 42.5% of the total revenue of the Group and representing an increase of approximately 25.2% over revenue of approximately RMB141.8 million from welding wire products for the same period of 2025, which was mainly attributable to the increase in the sales of solid welding wire products of RMB27.6 million as a result of the Group's active penetration into the welding wire sales market and product mix adjustments during the first half of 2026.

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 will further expand its customer range on the basis of continuous collaboration with the existing major customers.

### Railway Sleeper Products

For the six months ended 30 June 2026, the revenue from railway sleeper products was approximately RMB30.5 million, accounting for approximately 7.3% of the Group's total revenue and representing an increase of approximately 5.9% over revenue of approximately RMB28.8 million from railway sleeper products for the same period of 2025. This was mainly attributable to the increase in shipments of railway sleeper products.

## FUTURE PROSPECTS

In 2026, which marks the inaugural year of the "15th Five-Year Plan", China's railway sector continues to maintain a trajectory of high-quality development. In the first half of 2026, passenger and freight volumes, investments in construction and the quality of the railway network all achieved steady growth, providing a robust transportation capacity to support the economic recovery.

In the first half of 2026, the completed amount of national railway fixed asset investment reached RMB363.2 billion, representing a year-on-year increase of 2.1%, while 355.2 kilometers of new railway lines commenced operation, marking a smooth start to railway construction under the "15th Five-Year Plan". New railway lines such as the Xi'an – Shiyan High-speed Railway, Lanxi East – Jiande section of the Jinhua – Jiande High-speed Railway have officially commenced service, and the Wuhan – Xi'an High-speed Railway was fully open to traffic, further strengthening the connectivity between Northwest and Central China. Major projects such as the Xiong'an – Shangqiu High-speed Railway, Chengdu – Chongqing Middle Line High-speed Railway, and Shanghai – Chongqing – Chengdu High-speed Railway are progressing in an orderly manner, with the railway network layout being continuously improved.

According to the data published by the National Railway Administration in July 2026, in the first half, the national railway passenger trips reached 2.348 billion, representing a year-on-year increase of 5.0%, while the passenger turnover was 826.682 billion person-kilometers, representing a year-on-year increase of 3.4%, both reaching record highs for the same periods. Passenger flows were concentrated during holidays and festivals such as the Spring Festival, the Qingming Festival, May Day, and the Dragon Boat Festival. With precise deployment of transportation capacity for both high-speed and ordinary trains, and increase train frequency of intercity and urban railways, the one-hour travel circle within city clusters and the three-hour inter-provincial travel circle were further consolidated, significantly boosting the vitality of "Mobile China".

As of the end of June 2026, national railway operating mileage remained stable at over 165,000 kilometers, including approximately 50,000 kilometers of high-speed railways. The double-track and electrification rates reached 61.4% and 76.8%, respectively, with technical and equipment standards maintaining a world-leading position. The service frequency of Fuxing bullet trains continued to increase, with a steady roll-out of smart dispatching and autonomous driving technologies and a continued deepening of the green and low-carbon transition.

During the "15th Five-Year Plan" period (2026-2030), China's railway sector will continue to step up its efforts in strengthening the network, advancing intelligence, and promoting green and integrated development (強網、智能、綠色、融合). By 2030, the national railway operating mileage will reach approximately 180,000 kilometers, including approximately 60,000 kilometers of high-speed railways. Main lines of the "Eight Vertical and Eight Horizontal (八縱八橫)" will be fully put into operation, and the "Four-network Integration (四網融合)" of trunk railways, intercity railways, urban/suburban railways and urban rail transit will be basically realised.

Construction priorities will focus on addressing the infrastructure gaps in the western region, enhancing network density in the eastern region and maximizing connectivity across city clusters. The construction of strategic corridors such as those along the Yangtze River, along the coast and from Xinjiang to Tibet will be accelerated to bolster the supporting capacity for coordinated regional development. With regard to technological innovation, continuous breakthroughs are anticipated in fields such as CR450 electric multiple units, intelligent construction and smart stations, while the digital and intelligent transformation will be fully accelerated. With regard to green and low-carbon development, further improvements in electrification rates and the widespread application of new energy equipment will contribute to the realisation of the "dual carbon" goals.

Looking ahead, railways will continue to unleash their comprehensive synergies in boosting investments, reducing logistics costs, ensuring public livelihood and facilitating international connectivity, so as to serve major national strategies and provide more solid, efficient and green railway support for China's modernisation. Furthermore, the Group will continue to pursue vertical integration opportunities within the industry, actively develop diversified product lines, enhance its core competitive edges and profitability, and solidify its business foundation and win market recognition with railway products and services of the highest quality.

## 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. The revenue of the Group decreased by approximately 12.4% from approximately RMB477.1 million for the first half of 2025 to approximately RMB417.8 million for the same period of 2026, mainly as a result of the decrease in revenue from rail fastening system products.

Revenue related to rail fastening system products decreased by approximately 32.5% from approximately RMB303.5 million for the first half of 2025 to approximately RMB205.0 million for the same period of 2026, mainly due to a decline in shipments of rail fastening system products driven by the progress of railway project construction and changes in product mix.

Revenue related to welding wire products increased by approximately 25.2% from approximately RMB141.8 million for the first half of 2025 to approximately RMB177.6 million for the same period of 2026, mainly attributable to the Group's active penetration into the welding wire sales market and adjustments to its product mix in the first half of 2026, resulting in an increase of RMB27.6 million in sales of solid welding wire.

Revenue related to railway sleeper products increased by approximately 5.9% from approximately RMB28.8 million for the first half of 2025 to approximately RMB30.5 million for the same period of 2026, mainly attributable to an increase in shipments of railway sleeper products.

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 was approximately RMB333.6 million for the first half of 2026, representing a decrease of approximately 4.8% from approximately RMB350.4 million for the same period of 2025, which was mainly due to a corresponding decrease in operating revenue during the period under review.

Operating cost related to rail fastening system products was approximately RMB127.3 million for the first half of 2026, representing a decrease of approximately RMB56.4 million from approximately RMB183.7 million for the same period of 2025. The change in operating cost was mainly due to a corresponding decrease in operating revenue during the period under review.

Operating cost related to welding wire products increased by approximately 24.3% from approximately RMB142.2 million for the first half of 2025 to approximately RMB176.7 million for the same period of 2026, which was mainly attributable to the Group's active penetration into the welding wire sales market and adjustments to its product mix, resulting in an increase in sales of solid welding wire and a corresponding increase in the operating cost.

Operating cost related to railway sleeper products increased by approximately 17.8% from approximately RMB22.5 million for the first half of 2025 to approximately RMB26.5 million for the same period of 2026, which was mainly attributable to an increase in shipments of railway sleeper products.

## Gross Profit

Based on the aforesaid reasons, the Group recorded a gross profit of approximately RMB84.2 million for the first half of 2026, representing a decrease of approximately 33.5% as compared to the gross profit of approximately RMB126.7 million for the same period of 2025, mainly due to a decrease in revenue from rail fastening system-related products, which was affected by the progress of railway project construction, and changes in product mix.

For the six months ended 30 June 2026, the gross profit from rail fastening system products amounted to approximately RMB77.7 million, representing a decrease of approximately 35.1% as compared to approximately RMB119.8 million for the same period of 2025; the gross profit margin of rail fastening system products was approximately 37.9%, representing a decrease of approximately 1.6% as compared to approximately 39.5% for the same period of 2025; the change in the gross profit from rail fastening system products was mainly attributable to a decrease in revenue from rail fastening system-related products and changes in product mix.

In the first half of 2026, the gross profit of welding wire products was approximately RMB0.9 million and the gross profit margin was approximately 0.5%; in the same period of 2025, the gross profit of welding wire products was approximately RMB–0.4 million, and the gross profit margin was approximately –0.3%; the increase in gross profit margin was mainly attributable to an increase in sales of solid welding wire products and a decrease in unit production costs.

In the first half of 2026, the gross profit of railway sleeper products was approximately RMB4.0 million, as compared to the gross profit of approximately RMB6.3 million for the same period of 2025, representing a slight change; in the first half of 2026, the gross profit margin of railway sleeper products was approximately 13.1%, representing a decrease of approximately 8.8% as compared to the gross profit margin of approximately 21.9% for the same period of 2025, which was mainly attributable to the Group's strategic market expansion and product mix adjustments, as well as intense competition and low unit sales prices for subway sleeper products.

## Selling Expenses

Selling expenses of the Group was approximately RMB10.2 million for the first half of 2025 and approximately RMB9.5 million for the first half of 2026. The decrease in selling expenses was primarily due to a decline in the Group's product test and certification fees. For the six months ended 30 June 2025 and 30 June 2026, selling expenses as a percentage of total revenue were 2.1% and 2.3%, respectively.

## Management Expenses

Management expenses of the Group amounted to approximately RMB44.0 million for the first half of 2025 and approximately RMB42.3 million for the first half of 2026; for the six months ended 30 June 2025 and 30 June 2026, management expenses as a percentage of total revenue were 9.2% and 10.1%, respectively. The decrease in management expenses was mainly attributable to a reduction in technology transfer fees.

## Research and Development Expenses

Research and development expenses of the Group amounted to approximately RMB14.6 million for the first half of 2025 and approximately RMB12.8 million for the first half of 2026; for the six months ended 30 June 2025 and 30 June 2026, research and development expenses as a percentage of total revenue were 3.1% and 3.1%, respectively. The decrease in research and development expenses was mainly attributable to a slight decrease in the Group's research and development investment during the period under review.

## Investment Gains

In the first half of 2026, the Group's investment gains totalled approximately RMB23.8 million, while the investment gains totalled approximately RMB16.0 million in the first half of 2025. The increase in investment gains was mainly attributable to the increase in adjusted profit of associates during the period under review.

## Net Finance Costs

For the first half of 2026, the Group incurred net finance costs totalling approximately RMB5.3 million, as compared to net finance costs totalling approximately RMB8.6 million incurred for the first half of 2025. The decrease in net finance costs was mainly attributable to the decrease in interest expense.

## Operating Profits/Losses

Based on the aforesaid reasons, the Group recorded operating profits of approximately RMB11.0 million in the first half of 2026, representing a decrease of approximately RMB42.6 million as compared to operating profits of approximately RMB53.6 million in the same period of 2025.

## Net Profit/Loss

In the first half of 2026, the Group's net profit amounted to approximately RMB13.2 million, representing a decrease of approximately RMB35.5 million as compared to net profit of approximately RMB48.7 million in the first half of 2025.

In the first half of 2026, the Group's net profit attributable to owners of the parent amounted to approximately RMB14.3 million, representing a decrease of approximately RMB34.3 million as compared with net profit attributable to owners of the parent of approximately RMB48.6 million for the same period of 2025; for the first half of 2026, basic earnings per share amounted to RMB0.02, representing a year-on-year decrease in basic earnings of RMB0.03 per share as compared to basic earnings of RMB0.05 per share for the same period of 2025. This was mainly due to a decline in the Group's sales revenue from rail fastening system products for the first half of 2026, which was affected by the progress of railway project construction and changes in product mix, as well as a prolonged collection cycle for accounts receivable that resulted in an increase in credit impairment losses recognised by the Group under the expected credit loss model.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

### Total Assets

As at 30 June 2026, the total assets of the Group were approximately RMB3,424.3 million, representing a decrease of approximately 10.3% as compared to approximately RMB3,815.6 million as at 31 December 2025, which was mainly due to the decrease in the balance of accounts receivable as a result of the Group's continued efforts to strengthen accounts receivable management.

### Total Liabilities

As at 30 June 2026, the total liabilities of the Group were approximately RMB773.9 million, representing a decrease of approximately 33.0% as compared to approximately RMB1,154.7 million as at 31 December 2025, which was mainly attributable to the decrease in bank borrowings.

### Total Equity

As at 30 June 2026, the total equity of the Group was approximately RMB2,650.4 million, representing a decrease of approximately 0.4% as compared to approximately RMB2,660.9 million as at 31 December 2025, which was mainly attributable to a decrease in minority interests as the Group acquired the minority interests in its subsidiary, Xingtai Juneng, during the first half of 2026.

### 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 bank borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "total equity" as shown in the interim condensed consolidated statement of financial position plus net debt.

As at 30 June 2026, the Group's gearing ratio was 2.2%, representing a decrease of 8.2 percentage points as compared to 10.4% as at 31 December 2025, which was mainly attributable to the early repayment of some bank borrowings by the Group during the period under review.

For details of credit risk, liquidity risk, interest risk and foreign exchange risk, please refer to Note V to the Interim Condensed Consolidated Financial Information.

## SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES, AND FUTURE PLANS FOR SIGNIFICANT INVESTMENT OR CAPITAL ASSETS

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 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 in accordance with and subject to the terms and conditions of the equity transfer agreement. The transaction was approved at the extraordinary general meeting of the Company on 28 May 2026. As of the date of this report, the transaction has not been completed yet. For further details of the transaction, please refer to the Company's circular dated 31 March 2026 and the Company's announcement dated 28 May 2026.

Save as disclosed above, the Group had no material acquisitions or disposals of subsidiaries and associates and no significant investment held during the year ended 30 June 2026.

## CHARGES ON ASSETS

For details of the Group's borrowings, please refer to Note V to the Interim Condensed Consolidated Financial Information. As at 30 June 2026, the following assets were pledged by the Group to secure certain borrowings granted to the Group:

| Items | 30 June 2026 *RMB'000* |
|---|---|
| Monetary capital | **60,965** |
| Accounts receivable | **58,461** |
| Fixed assets | **292,182** |
| Intangible assets | **79,043** |
| Total | **490,651** |

## CONTINGENT LIABILITIES

For details of contingent liabilities, please refer to Note VIII to the Interim Condensed Consolidated Financial Information.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, the Group incurred total staff costs of approximately RMB53.0 million for 1,255 employees (as at 30 June 2025: 1,274 employees), as compared to the total staff costs of approximately RMB50.5 million incurred for the same period of 2025, representing a slight change in staff costs.

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.

In addition, in order to recognise and acknowledge the contributions that employees have made or may make to the Group, the Company has adopted a share award scheme, under which the Board may grant awards of H shares in the Company (the "**H Shares**") to any full-time employee of the Group in accordance with the rules of the share award scheme. For further information, please refer to the section headed "H Share Award Scheme" below.

We continued to enrich the knowledge and skills of our staff through continuous education and training (including internal and external training). We have formulated the Training Management Policy (《培訓管理制度》) to provide appropriate training for employees in different functions. As at 30 June 2026, a total of 7,677 hours of regular training were organised, with attendance totaling 3,966 employees.

# OTHER INFORMATION

## INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2026, so far as known to the directors of the Company (the "**Directors**"), the interests and short positions of the Directors, supervisors (the "**Supervisors**") and chief executives of the Company in the shares (the "**Shares**"), underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which are (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) required to be notified to the Company and the Stock Exchange pursuant to the Model Code (including those they are taken or deemed to have under such provisions of the SFO) were as follows:

Long positions in the Domestic Shares of the Company:

| Name | Capacity | Number of Shares | | | | | |
|---|---|---|---|---|---|---|---|
| | | Personal interest | Interest of spouse | Deemed interest pursuant to Section 317 of the SFO (Note 1) | Total number | Approximate percentage of shareholding in the relevant class of Shares (%) (Note 2) | Total approximate percentage of shareholding in the total share capital of the Company (%) (Note 3) |
| Mr. Zhang Haijun (張海軍) | Director | 128,426,480 | N/A | 444,426,294 | 572,852,774 | 85.07 | 63.80 |
| Mr. Zhang Lifeng (張力峰) | Chief Executive Officer | 16,643,140 | N/A | 556,209,634 | 572,852,774 | 85.07 | 63.80 |
| Mr. Wu Jinyu (吳金玉) | Director | 28,219,706 | N/A | 544,633,068 | 572,852,774 | 85.07 | 63.80 |
| Mr. Zhang Chao (張超) | Director | 17,205,163 | N/A | 555,647,611 | 572,852,774 | 85.07 | 63.80 |
| Mr. Zhang Lihuan (張力歡) | Director | 17,202,679 | N/A | 555,650,095 | 572,852,774 | 85.07 | 63.80 |

Notes:

(1) The relevant parties are members of the Controlling Shareholders Group (as defined below). On 17 December 2020, they entered into a written agreement to, among others, confirm their acting-in-concert agreement. All the members of the Controlling Shareholders Group jointly controlled approximately 63.80% of the total share capital of our Company. Under the SFO, each member of the Controlling Shareholders Group is deemed to be interested in the Shares beneficially owned by other members of the Controlling Shareholders Group.

(2) Based on the total number of 673,380,000 Domestic Shares in issue as of 30 June 2026.

(3) Based on the total number of 897,840,000 Shares in issue as of 30 June 2026.

Save as disclosed above, as at 30 June 2026, none of the Directors, Supervisors or chief executives of the Company had an interest and short position in the Shares, underlying shares or debentures of the Company or its associated corporations which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2026, so far as is known to the Directors, the interests or short positions of the persons (other than a Director, Supervisor or chief executive of the Company) in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Long positions in the Shares of the Company:

| Name | Class of Shares | Capacity/Nature of interest | Number of Shares | Approximate percentage of shareholding in the relevant class of Shares (%) (Note 2) | Total approximate percentage of shareholding in the total share capital of the Company (%) (Note 3) |
|---|---|---|---|---|---|
| Ms. Zhou Qiuju (周秋菊) (Note 4) | Domestic Shares | Interest of spouse | 572,852,774 | 85.07% | 63.80% |
| Ms. Zhang Junxia (張軍霞) (Note 1) | Domestic Shares | Beneficial owner | 83,873,136 | | |
| | | Deemed interest pursuant to Section 317 of the SFO | 488,979,638 | | |
| | | | 572,852,774 | 85.07% | 63.80% |
| Ms. Zhang Xiaoxia (張小霞) (Note 5) | Domestic Shares | Interest of spouse | 572,852,774 | 85.07% | 63.80% |
| Mr. Zhang Xiaogeng (張小更) (Note 1) | Domestic Shares | Beneficial owner | 83,477,508 | | |
| | | Deemed interest pursuant to Section 317 of the SFO | 489,375,266 | | |
| | | | 572,852,774 | 85.07% | 63.80% |
| Ms. Liu Jiao (劉姣) (Note 6) | Domestic Shares | Interest of spouse | 572,852,774 | 85.07% | 63.80% |
| Mr. Zhang Xiaosuo (張小鎖) (Note 1) | Domestic Shares | Beneficial owner | 83,675,322 | | |
| | | Deemed interest pursuant to Section 317 of the SFO | 489,177,452 | | |
| | | | 572,852,774 | 85.07% | 63.80% |

## Other Information

| Name | Class of Shares | Capacity/Nature of interest | Number of Shares | Approximate percentage of shareholding in the relevant class of Shares (%) (Note 2) | Total approximate percentage of shareholding in the total share capital of the Company (%) (Note 3) |
|---|---|---|---|---|---|
| Ms. Sun Shujing (孫書京) (Note 7) | Domestic Shares | Interest of spouse | 572,852,774 | 85.07% | 63.80% |
| Ms. Zhang Xiaoxia (張曉霞) (Note 8) | Domestic Shares | Interest of spouse | 572,852,774 | 85.07% | 63.80% |
| Mr. Zhang Ligang (張立剛) (Note 1) | Domestic Shares | Beneficial owner | 26,355,534 | | |
| | | Deemed interest pursuant to Section 317 of the SFO | 546,497,240 | | |
| | | | 572,852,774 | 85.07% | 63.80% |
| Ms. Zhai Junping (翟軍平) (Note 9) | Domestic Shares | Interest of spouse | 572,852,774 | 85.07% | 63.80% |
| Ms. Zhang Weihuan (張偉環) (Note 10) | Domestic Shares | Interest of spouse | 572,852,774 | 85.07% | 63.80% |
| Mr. Zhang Lijie (張力杰) (Note 1) | Domestic Shares | Beneficial owner | 17,202,679 | | |
| | | Deemed interest pursuant to Section 317 of the SFO | 555,650,095 | | |
| | | | 572,852,774 | 85.07% | 63.80% |
| Ms. Liu Lixia (劉麗霞) (Note 11) | Domestic Shares | Interest of spouse | 572,852,774 | 85.07% | 63.80% |
| Ms. Yang Yunjuan (楊雲娟) (Note 12) | Domestic Shares | Interest of spouse | 572,852,774 | 85.07% | 63.80% |
| Ms. Zhang Yanfeng (張艷峰) (Note 1) | Domestic Shares | Beneficial owner | 17,207,647 | | |
| | | Deemed interest pursuant to Section 317 of the SFO | 555,645,127 | | |
| | | | 572,852,774 | 85.07% | 63.80% |
| Mr. Zhang Weiwei (張偉衛) (Note 13) | Domestic Shares | Interest of spouse | 572,852,774 | 85.07% | 63.80% |
| Mr. Zhang Libin (張力斌) (Note 1) | Domestic Shares | Beneficial owner | 16,643,140 | | |
| | | Deemed interest pursuant to Section 317 of the SFO | 556,209,634 | | |
| | | | 572,852,774 | 85.07% | 63.80% |

| Name | Class of Shares | Capacity/Nature of interest | Number of Shares | Approximate percentage of shareholding in the relevant class of Shares (%) (Note 2) | Total approximate percentage of shareholding in the total share capital of the Company (%) (Note 3) |
|---|---|---|---|---|---|
| Ms. Yin Yanping (尹彥萍) (Note 14) | Domestic Shares | Interest of spouse | 572,852,774 | 85.07% | 63.80% |
| Mr. Zhang Ning (張寧) (Note 1) | Domestic Shares | Beneficial owner | 17,205,163 | | |
| | | Deemed interest pursuant to Section 317 of the SFO | 555,647,611 | | |
| | | | 572,852,774 | 85.07% | 63.80% |
| Ms. Huang Li (黃麗) (Note 15) | Domestic Shares | Interest of spouse | 572,852,774 | 85.07% | 63.80% |
| Ms. Zhang Hong (張宏) (Note 1) | Domestic Shares | Beneficial owner | 17,207,647 | | |
| | | Deemed interest pursuant to Section 317 of the SFO | 555,645,127 | | |
| | | | 572,852,774 | 85.07% | 63.80% |
| Mr. Liu Chaohui (劉朝輝) (Note 16) | Domestic Shares | Interest of spouse | 572,852,774 | 85.07% | 63.80% |
| Mr. Zhang Ruiqiu (張瑞秋) (Note 1) | Domestic Shares | Beneficial owner | 2,307,830 | | |
| | | Deemed interest pursuant to Section 317 of the SFO | 570,544,944 | | |
| | | | 572,852,774 | 85.07% | 63.80% |
| Ms. Gao Xiangrong (高香榮) (Note 17) | Domestic Shares | Interest of spouse | 572,852,774 | 85.07% | 63.80% |
| Mr. Guo Zhongyan (郭中彥) | H Shares | Beneficial owner | 25,031,000 | 11.15% | 2.79% |
| Beijing Infrastructure Investment Co., Ltd.* (北京市基礎設施投資有限公司) (Note 18) | H Shares | Interest of controlled corporation | 38,102,000 | 16.97% | 4.24% |
| Beijing Infrastructure Investment (Hong Kong) Limited (Note 18) | H Shares | Beneficial owner | 38,102,000 | 16.97% | 4.24% |
| Shijiazhuang Guokong Urban Development & Investment Group Co., Ltd. * (石家莊國控城市發展投資集團有限責任公司) (Note 19) | H Shares | Interest of controlled corporation | 20,300,000 | 9.04% | 2.26% |
| GUOKONG (HONG KONG) INVESTMENT CO., LIMITED (Note 19) | H Shares | Beneficial owner | 20,300,000 | 9.04% | 2.26% |

# Other Information

Notes:

(1) A group of 15 individuals, namely Mr. Zhang Haijun (張海軍), Ms. Zhang Junxia (張軍霞), Mr. Zhang Xiaogeng (張小更), Mr. Zhang Xiaosuo (張小鎖), Mr. Zhang Ligang (張立剛), Mr. Wu Jinyu (吳金玉), Mr. Zhang Chao (張超), Mr. Zhang Lijie (張力杰), Mr. Zhang Lifeng (張力峰), Ms. Zhang Yanfeng (張艷峰), Mr. Zhang Libin (張力斌), Mr. Zhang Lihuan (張力歡), Mr. Zhang Ning (張寧), Ms. Zhang Hong (張宏) and Mr. Zhang Ruiqiu (張瑞秋), are collectively the controlling shareholders of the Company (the "**Controlling Shareholders Group**"). On 17 December 2020, they entered into a written agreement to, among others, confirm their acting-in concert agreement. All the members of the Controlling Shareholders Group jointly controlled approximately 63.80% of the total share capital of our Company. Under the SFO, each member of the Controlling Shareholders Group will be deemed to be interested in the Shares beneficially owned by other members of the Controlling Shareholders Group.

(2) Based on the total number of 673,380,000 Domestic Shares in issue or 224,460,000 H Shares in issue as of 30 June 2026.

(3) Based on the total number of 897,840,000 Shares in issue as of 30 June 2026.

(4) Ms. Zhou Qiuju (周秋菊) is the spouse of Mr. Zhang Haijun (張海軍). Under the SFO, Ms. Zhou Qiuju (周秋菊) is deemed to be interested in the same number of Shares in which Mr. Zhang Haijun (張海軍) is interested.

(5) Ms. Zhang Xiaoxia (張小霞) is the spouse of Mr. Zhang Xiaosuo (張小鎖). Under the SFO, Ms. Zhang Xiaoxia (張小霞) is deemed to be interested in the same number of Shares in which Mr. Zhang Xiaosuo (張小鎖) is interested.

(6) Ms. Liu Jiao (劉姣) is the spouse of Mr. Zhang Libin (張力斌). Under the SFO, Ms. Liu Jiao (劉姣) is deemed to be interested in the same number of Shares in which Mr. Zhang Libin (張力斌) is interested.

(7) Ms. Sun Shujing (孫書京) is the spouse of Mr. Zhang Xiaogeng (張小更). Under the SFO, Ms. Sun Shujing (孫書京) is deemed to be interested in the same number of Shares in which Mr. Zhang Xiaogeng (張小更) is interested.

(8) Ms. Zhang Xiaoxia (張曉霞) is the spouse of Mr. Wu Jinyu (吳金玉). Under the SFO, Ms. Zhang Xiaoxia (張曉霞) is deemed to be interested in the same number of Shares in which Mr. Wu Jinyu (吳金玉) is interested.

(9) Ms. Zhai Junping (翟軍平) is the spouse of Mr. Zhang Ligang (張立剛). Under the SFO, Ms. Zhai Junping (翟軍平) is deemed to be interested in the same number of Shares in which Mr. Zhang Ligang (張立剛) is interested.

(10) Ms. Zhang Weihuan (張偉環) is the spouse of Mr. Zhang Chao (張超). Under the SFO, Ms. Zhang Weihuan (張偉環) is deemed to be interested in the same number of Shares in which Mr. Zhang Chao (張超) is interested.

(11) Ms. Liu Lixia (劉麗霞) is the spouse of Mr. Zhang Lijie (張力杰). Under the SFO, Ms. Liu Lixia (劉麗霞) is deemed to be interested in the same number of Shares in which Mr. Zhang Lijie (張力杰) is interested.

(12) Ms. Yang Yunjuan (楊雲娟) is the spouse of Mr. Zhang Lifeng (張力峰). Under the SFO, Ms. Yang Yunjuan (楊雲娟) is deemed to be interested in the same number of Shares in which Mr. Zhang Lifeng (張力峰) is interested.

(13) Mr. Zhang Weiwei (張偉衛) is the spouse of Ms. Zhang Yanfeng (張艷峰). Under the SFO, Mr. Zhang Weiwei (張偉衛) is deemed to be interested in the same number of Shares in which Ms. Zhang Yanfeng (張艷峰) is interested.

(14) Ms. Yin Yanping (尹彥萍) is the spouse of Mr. Zhang Lihuan (張力歡). Under the SFO, Ms. Yin Yanping (尹彥萍) is deemed to be interested in the same number of Shares in which Mr. Zhang Lihuan (張力歡) is interested.

(15) Ms. Huang Li (黃麗) is the spouse of Mr. Zhang Ning (張寧). Under the SFO, Ms. Huang Li (黃麗) is deemed to be interested in the same number of Shares in which Mr. Zhang Ning (張寧) is interested.

(16) Mr. Liu Chaohui (劉朝輝) is the spouse of Ms. Zhang Hong (張宏). Under the SFO, Mr. Liu Chaohui (劉朝輝) is deemed to be interested in the same number of Shares in which Ms. Zhang Hong (張宏) is interested.

(17) Ms. Gao Xiangrong (高香榮) is the spouse of Mr. Zhang Ruiqiu (張瑞秋). Under the SFO, Ms. Gao Xiangrong (高香榮) is deemed to be interested in the same number of Shares in which Mr. Zhang Ruiqiu (張瑞秋) is interested.

(18) These 38,102,000 H Shares are held by Beijing Infrastructure Investment (Hong Kong) Limited, which is wholly owned by Beijing Infrastructure Investment Co., Ltd.* (北京市基礎設施投資有限公司). Under the SFO, Beijing Infrastructure Investment Co., Ltd. is deemed to be interested in the H Shares beneficially owned by Beijing Infrastructure Investment (Hong Kong) Limited.

(19) These 20,300,000 H Shares are held by GUOKONG (HONG KONG) INVESTMENT CO., LIMITED, which is wholly owned by Shijiazhuang Guokong Urban Development & Investment Group Co., Ltd. (石家莊國控城市發展投資集團有限責任公司). Under the SFO, Shijiazhuang Guokong Urban Development & Investment Group Co., Ltd. is deemed to be interested in the H Shares beneficially owned by GUOKONG (HONG KONG) INVESTMENT CO., LIMITED.

Save as disclosed above, as at 30 June 2026, no person (other than Directors, Supervisors and chief executives of the Company, whose interests are set out in the section headed "Interests and Short Positions of the Directors, Supervisors and Chief Executives in the Shares, Underlying Shares and Debentures" above) had registered any interest or short position in the Shares and underlying shares of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

## H SHARE AWARD SCHEME

The Company adopted an H share award scheme (the "**Scheme**") pursuant to a special resolution passed by the shareholders of the Company at the extraordinary general meeting of the Company held on 13 September 2022 (the "**Adoption Date**").

Persons eligible for the share awards under the Scheme (the "**Awards**") include any full-time employee of (i) any direct or indirect holding company of the Company or (ii) any direct or indirect subsidiary of the Company who is not a connected person (the "**Eligible Participants**"). The purpose of the Scheme is to recognise and acknowledge the contribution which the Eligible Participants have made or may make to the Group. Please refer to the circular of the Company dated 18 August 2022 and the section headed "H Share Award Scheme" in the Company's annual report for the year ended 31 December 2025 for further details.

The Board is entitled at any time during the continuation of the Scheme to grant Awards to any of the Eligible Participants such number of H Shares as it determines pursuant to the Scheme. A grant of an Award shall be made to an Eligible Participant by way of a grant letter to be issued by the Company, and the Board may impose any conditions, restrictions or limitations before the Award can be vested as it sees fit by setting out the same in the grant letter. There is no amount payable on acceptance of the awards prescribed in the rules of the Scheme.

The Board will, after having regard to the requirements in relation to the grant of Awards as stated in the rules of the Scheme, the Listing Rules, the applicable laws and regulations and all relevant circumstances and affairs of the Group including but not limited to the Group's business and operational conditions, its business plans and cash flow requirements currently and in the near future), cause to be paid to the trustee appointed (or its nominee) such amount as may be required for the purchase of existing H Shares from the market and the related purchase expenses (including all such necessary fees, stamp duty, levies and expenses required for the completion of the purchase of all the awarded Shares, as applicable). For the avoidance of doubt, the Board may not issue and may not instruct the trustee (or its nominee) to subscribe for any new H Shares for the purpose of satisfying any Award or otherwise in relation to the Scheme. Accordingly, no new H Share is available for issue under the Scheme.

Under the Scheme, the Board shall not make any further Award which will result in the number of H Shares awarded by the Board under the Scheme exceeding 10% of the issued H Shares as at the Adoption Date, i.e. 22,446,000 H Shares. Since the Adoption Date and up to the date of this report, no Award has been granted, vested, cancelled or lapsed under the Scheme. Therefore, as at the date of this report, the number of H Shares available to be awarded under the Scheme mandate is 22,446,000 H Shares, representing 10% of the number of issued H Shares. There is no specific limit on the maximum number of Shares that may be awarded to a single Eligible Participant under the Scheme (i.e. the maximum entitlement of each Eligible Participant under the Scheme is 22,446,000 H Shares).

As of 30 June 2026, the relevant trustee of the H Share Award Scheme of the Company held an aggregate of 10,732,000 H shares of the Company for the purposes of employee incentive plan. The trustee did not purchase any H shares of the Company during the six months ended 30 June 2026. As at the date of this report, the number of unvested and ungranted H Shares held by the trustee (or its nominee) of the Scheme is 10,732,000.

## CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

There is no information in respect of the Directors, Supervisors or chief executives required to be disclosed herein pursuant to Rule 13.51B(1) of the Listing Rules.

## INTERIM DIVIDEND

Having considered the impact caused by potential operating risks, in order to meet the liquidity needs of the Company's daily operations and to ensure the smooth execution of the Company's mid to long-term development strategies, the Board did not recommend the distribution of an interim dividend for the six months ended 30 June 2026.

Going forward, the Company will remain attentive to rewarding its investors in the form of cash dividend, strictly comply with the requirements of relevant laws and regulations as well as the Articles of Association of the Company, and take into account various factors relating to profit distribution, so as to share the achievements of the Company's development with its investors and better protect the long-term interests of its shareholders as a whole.

## EVENTS AFTER REPORTING PERIOD

There are no other significant events occurred subsequent to the six months ended 30 June 2026 and up to the date of this report.

## PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

As of 30 June 2026, the relevant trustee of the H Share Award Scheme of the Company held an aggregate of 10,732,000 H shares of the Company for the purposes of the employee incentive plan. The trustee did not purchase any H shares of the Company during the six months ended 30 June 2026.

Other than as disclosed under the section headed “H Share Award Scheme”, 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 six months ended 30 June 2026. As at 30 June 2026, there were no treasury shares (as defined under the Listing Rules) held by the Company.

## AUDIT COMMITTEE

This interim condensed consolidated financial information had not been audited by the auditor of the Company but had been reviewed by the external auditors of the Company.

The audit committee of the Company had reviewed the Group’s unaudited interim condensed consolidated results and this interim report for the six months ended 30 June 2026 prepared in accordance with the PRC Financial Reporting Standards and agreed to the accounting principles, accounting treatments and practices adopted 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 six months ended 30 June 2026.

## 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, all Directors and Supervisors of the Company confirmed that throughout the six months ended 30 June 2026, each of them had fully complied with the required standards set out in the “Model Code for Securities Transactions by Directors of Listed Issuers”.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

During the six months ended 30 June 2026, the Board had complied with (1) the requirement that the board of Directors of a listed issuer must include at least three independent non-executive Directors under Rule 3.10(1) of the Listing Rules; (2) the requirement that at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules; (3) the requirement that the number of independent non-executive Directors must represent at least one-third of the board of Directors under Rule 3.10A of the Listing Rules; and (4) the requirements in respect of the composition of the audit committee of a listed issuer under Rule 3.21 of the Listing Rules.

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

Shijiazhuang, the PRC
27 August 2026

* *For identification purposes only*