



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



2025

INTERIM REPORT



* For identification purpose only



CONTENTS

2	Corporate Information
4	Report on Review of Interim Financial Information
5	Consolidated Balance Sheet (Unaudited)
9	Consolidated Income Statement (Unaudited)
11	Consolidated Statement of Cash Flows (Unaudited)
13	Consolidated Statement of Changes in Owners' Equity (Unaudited)
15	Notes to the Interim Condensed Consolidated Financial Information
34	Management Discussion and Analysis
41	Other Information

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
 Mr. Zhang Liguu
 Mr. Wang Fujun

SUPERVISORS

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

AUDIT COMMITTEE

Mr. Jip Ki Chi (*Chairman*)
 Mr. Zhang Liguu
 Mr. Wang Fujun

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Mr. Wang Fujun (*Chairman*)
 Mr. Wu Jinyu
 Mr. Zhang Liguu

CORPORATE GOVERNANCE COMMITTEE

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

STRATEGY COMMITTEE

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

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**

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STOCK CODE

1596

COMPANY WEBSITE

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

REVIEW REPORT

Tian Jian Shen [2025] No. 3-507

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 2025, the consolidated income statement, the consolidated statement of cash flows and the consolidated statement of changes in owners' equity from January to June 2025, 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

Hangzhou, the PRC

Chinese Certified Public Accountant: **Li Lian**

Chinese Certified Public Accountant: **Li Xin**

28 August 2025

CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 June 2025

Assets	Notes	30 June 2025 RMB('000) (Unaudited)	31 December 2024 RMB('000) (Audited)
Current assets:			
Monetary capital		271,132	157,849
Provision for settlement			
Lendings to banks and other financial institutions			
Financial assets held for trading			
Derivative financial assets			
Notes receivable		31,449	54,689
Accounts receivable	1	1,150,169	1,193,124
Financing of receivables		2,792	12,520
Prepayments		28,965	31,444
Insurance premiums receivable			
Cession premiums receivable			
Deposits receivable from reinsurance contract			
Other receivables		7,692	7,962
Recoursable financial assets acquired			
Inventories		466,228	422,598
Including: data resources			
Contract assets		29,620	30,097
Assets held for sale			
Non-current assets due within one year			
Other current assets		16,313	20,047
Total current assets		2,004,360	1,930,330

Consolidated Balance Sheet (Unaudited)

As at 30 June 2025

Assets	Notes	30 June 2025 RMB('000) (Unaudited)	31 December 2024 RMB('000) (Audited)
Non-current assets:			
Loans and advances granted			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	2	320,690	309,091
Other equity instruments investment		18,197	18,197
Other non-current financial assets			
Investment properties			
Fixed assets		663,802	689,661
Construction in progress		186,077	154,373
Bearer biological assets			
Oil and gas assets			
Right-of-use assets		919	1,226
Intangible assets		141,780	142,578
Including: data resources			
Development expenditures			
Including: data resources			
Goodwill		59,836	59,836
Long-term deferred expenses		581	673
Deferred income tax assets		58,170	57,236
Other non-current assets		138,737	138,296
Total non-current assets		1,588,789	1,571,167
Total assets		3,593,149	3,501,497

Consolidated Balance Sheet (Unaudited)

As at 30 June 2025

Liabilities and owner's equity (or shareholders' equity)	Notes	30 June 2025 RMB('000) (Unaudited)	31 December 2024 RMB('000) (Audited)
Current liabilities:			
Short-term borrowings		104,860	125,640
Borrowings from central bank			
Borrowed funds			
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable		37,474	53,000
Accounts payable	3	371,016	391,730
Advance receipts			
Contract liabilities		12,433	10,913
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		7,208	7,603
Tax payable		4,095	15,285
Other payables		30,970	19,739
Handling charges and commissions payable			
Cession premiums payable			
Liabilities held for sale			
Non-current liabilities due within one year		79,022	92,863
Other current liabilities		1,104	907
Total current liabilities		648,182	717,680

Consolidated Balance Sheet (Unaudited)

As at 30 June 2025

Liabilities and owner's equity (or shareholders' equity)	Notes	30 June 2025 RMB('000) (Unaudited)	31 December 2024 RMB('000) (Audited)
Non-current liabilities:			
Provision for insurance contracts			
Long-term borrowings	4	515,202	384,301
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			632
Long-term payables			
Long-term payroll payables			
Provision for liabilities			
Deferred income		4,130	4,246
Deferred income tax liabilities		253	265
Other non-current liabilities			
Total non-current liabilities		519,585	389,444
Total liabilities		1,167,767	1,107,124
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		814,108	813,934
Less: Treasury stock		27,630	24,878
Other comprehensive income ("—" indicates for losses)		-124	-124
Special reserve			
Surplus reserve		156,495	156,495
Provision for general risks			
Undistributed profits		1,020,634	987,101
Total equity attributable to owners of the parent		2,412,403	2,381,448
Minority interests		12,979	12,925
Total owner's equity		2,425,382	2,394,373
Total liabilities and owner's equity		3,593,149	3,501,497

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2025

Items	Notes	For the six months ended 30 June	
		2025 RMB('000) (Unaudited)	2024 RMB('000) (Unaudited)
I. Total operating revenue		477,143	498,707
Including: Operating income	1	477,143	498,707
Interest income			
Premiums earned			
Handling charges and commissions income			
II. Total operating cost		434,715	478,062
Including: Operating cost	1	350,358	397,119
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		6,938	6,357
Selling expenses		10,156	10,267
Management expenses		44,013	42,191
Research and development expenses		14,646	13,025
Finance costs		8,604	9,103
Including: Interest costs		8,940	8,728
Interest income		627	358
Add: Other income		1,601	808
Investment gains ("–" indicates for losses)	2	16,041	8,273
Including: Gains on investments in associates and joint ventures		16,041	7,600
Gains on derecognition of financial assets measured at amortised cost			-7
Foreign exchange gains ("–" indicates for losses)			
Net income on exposure hedging ("–" indicates for losses)			
Gain from changes in fair value ("–" indicates for losses)	3		-58,506
Loss on credit impairment ("–" indicates for losses)	4	822	-14,637
Impairment loss on assets ("–" indicates for losses)	5	-7,280	-8,201
Gains on disposal of assets ("–" indicates for losses)			
III. Operating profits ("–" indicates for losses)		53,612	-51,618
Add: Non-operating incomes		21	62
Less: Non-operating expenses		28	37

Consolidated Income Statement (Unaudited)

For the six months ended 30 June 2025

Items	Notes	For the six months ended 30 June	
		2025 RMB('000) (Unaudited)	2024 RMB('000) (Unaudited)
IV. Total profit (“–” indicates for total losses)		53,605	-51,593
Less: Income tax expenses	6	4,934	-9,422
V. Net profit (“–” indicates for net losses)		48,671	-42,171
(I) Classification by continuity:			
1. Net profit from continuing operations (“–” indicates for net losses)		48,671	-42,171
2. Net profit from discontinued operations (“–” indicates for net losses)			
(II) Classification by equity holdings:			
1. Net profit attributable to owners of the parent (“–” indicates for net losses)		48,617	-42,177
2. Profit and loss attributable to minority interests		54	6
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 (“–” indicates for losses)		48,671	-42,171
Total comprehensive income attributable to owners of the parent (“–” indicates for losses)		48,617	-42,177
Total comprehensive income attributable to minority interests		54	6
VIII. Earnings/losses per share:			
(I) Basic earnings/losses per share (“–” indicates for losses) (RMB)		0.05	-0.05
(II) Diluted earnings/losses per share (“–” indicates for losses) (RMB)		0.05	-0.05

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2025

Items	For the six months ended 30 June	
	2025 RMB('000) (Unaudited)	2024 RMB('000) (Unaudited)
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of labour service	432,734	438,449
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	7,221	20,691
Other cash received in relation to operating activities	28,902	14,610
Sub-total of cash inflow from operating activities	468,857	473,750
Cash paid for goods purchased and labour service received	299,120	291,779
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	50,849	50,136
Payments of taxes	36,322	39,560
Other cash paid in relation to operating activities	59,255	67,341
Sub-total of cash outflows from operating activities	445,546	448,816
Net cash flows from operating activities	23,311	24,934

Consolidated Statement of Cash Flows (Unaudited)

For the six months ended 30 June 2025

Items	For the six months ended 30 June	
	2025 RMB('000) (Unaudited)	2024 RMB('000) (Unaudited)
II. Cash flows from investing activities:		
Cash from disinvestments		9,682
Cash received from return of investments	11,013	12,789
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		249
Net cash received from disposal of subsidiaries and other business units		
Other cash received in relation to investing activities		
Sub-total of cash inflows from investing activities	11,013	22,720
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	30,451	54,960
Cash paid for investment		9,796
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	30,451	64,756
Net cash flows from investing activities	-19,438	-42,036
III. Cash flows from financing activities:		
Cash received from investment		
Including: Cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings	288,554	229,603
Other cash received in relation to financing activities		
Sub-total of cash inflows from financing activities	288,554	229,603
Cash paid for repayment of debts	170,949	161,770
Cash paid for distribution of dividends and profits or repayment of interest	8,921	8,699
Including: Dividends and profits paid to minority shareholders by subsidiaries		
Other cash paid in relation to financing activities	3,452	700
Sub-total of cash outflows for financing activities	183,322	171,169
Net cash flows from financing activities	105,232	58,434
IV. Effect of changes in foreign exchange rates on cash and cash equivalents	-126	-388
V. Net increase in cash and cash equivalents	108,979	40,944
Add: Opening balance of cash and cash equivalents	100,974	90,061
VI. Closing balance of cash and cash equivalents	209,953	131,005

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (UNAUDITED)

For the six months ended 30 June 2025

Items	For the six months ended 30 June 2025 (Unaudited)												
	Equity attributable to owners of the parent												
	Paid-up capital (or share capital) RMB('000)	Preferred shares RMB('000)	Other equity instruments Perpetual bonds RMB('000)	Others RMB('000)	Capital reserve RMB('000)	Treasury stock RMB('000)	Less: 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

Consolidated Statement of Changes in Owners' Equity (Unaudited)

For the six months ended 30 June 2025

For the six months ended 30 June 2024 (Unaudited)													
Equity attributable to owners of the parent													
Items	Paid-up capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risks	Undistributed profits	Minority interests	Total owner's equity
	RMB('000)	Preferred shares	Perpetual bonds	Others		RMB('000)	RMB('000)						
I. Closing balance of prior year	448,920				813,539		-124		156,495		1,046,930	13,144	2,478,904
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				813,539		-124		156,495		1,046,930	13,144	2,478,904
III. Increase or decrease for the period ("–" indicates for decreases)					187						-51,177	6	-50,984
(I) Total comprehensive income											-42,177	6	-42,171
(II) Capital invested and decreased by owners													
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													
(III) Profit distribution											-9,000		-9,000
1. Appropriation to surplus reserve													
2. Withdrawal of provision for general risks													
3. Distribution to owners (or shareholders)											-9,000		-9,000
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					187								187
IV. Closing balance of current period	448,920				813,726		-124		156,495		995,753	13,150	2,427,920

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 in the Administration for Market Regulation of Shijiazhuang (石家莊市市場監督管理局), with its headquarters 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 5th meeting of the fourth session of the board of directors of the Company (the “**Board**”) on 28 August 2025.

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 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 2024 annual report. The accounting policies adopted by the Company in preparation of this interim report are consistent with those adopted for the 2024 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.

Notes to the Interim Condensed Consolidated Financial Information

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 2024, the closing balance represents the figures in the financial statements as at 30 June 2025, the amounts for the period refers to the period from January to June 2025, and the amounts for the same period of last year refers to the period from January to June 2024.

1. *Accounts receivable*

(1) Breakdown

Breakdown by category

Categories	Closing balance				Book value RMB('000)
	Book balance		Provision for bad debts		
	Amount RMB('000)	Proportion (%)	Amount RMB('000)	Percentage of provision (%)	
Provision for bad debts made individually	9,193	0.64	9,193	100.00	
Provision for bad debts made collectively	1,436,644	99.36	286,475	19.94	1,150,169
Total	1,445,837	100.00	295,668	20.45	1,150,169

Categories	Closing balance of last year				Book value RMB('000)
	Book balance		Provision for bad debts		
	Amount RMB('000)	Proportion (%)	Amount RMB('000)	Percentage of provision (%)	
Provision for bad debts made individually	9,193	0.62	9,193	100.00	
Provision for bad debts made collectively	1,481,656	99.38	288,532	19.47	1,193,124
Total	1,490,849	100.00	297,725	19.97	1,193,124

Notes to the Interim Condensed Consolidated Financial Information

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	691,591	721,712
1 to 2 years	303,987	313,721
2 to 3 years	192,613	213,020
3 to 4 years	126,487	103,046
4 to 5 years	47,729	54,695
Over 5 years	83,430	84,655
Sub-total	1,445,837	1,490,849

2. *Long-term equity investments*

(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	320,690		320,690	309,091		309,091

Notes to the Interim Condensed Consolidated Financial Information

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(I) Notes to Items in the Consolidated Balance Sheet** (Continued)**2. Long-term equity investments** (Continued)**(2) Breakdown**

Investee	Opening balance		Increase or decrease during the period			
	Book value RMB('000)	Provision for impairment RMB('000)	Additional investments RMB('000)	Decrease in investments RMB('000)	Investment profit or loss recognised using equity method RMB('000)	Adjustment to other comprehensive income RMB('000)
Associate						
Hebei Tieke Yichen New Material Technology Co., Ltd. (hereinafter referred to as Tieke Yichen)	309,091				16,041	
Total	309,091				16,041	

Investee	Increase or decrease during the period				Closing balance	
	Other changes in equity RMB('000)	Cash dividends or profit distribution declared RMB('000)	Provision for impairment RMB('000)	Others RMB('000)	Book value RMB('000)	Provision for impairment RMB('000)
Associate						
Tieke Yichen	174	-11,013		6,397	320,690	
Total	174	-11,013		6,397	320,690	

Notes to the Interim Condensed Consolidated Financial Information

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	305,475	324,457
Payables for technology transfer	50,648	50,779
Payables for transportation	9,369	9,705
Payables for electricity and others	5,524	6,789
Total	371,016	391,730

(2) Ageing analysis

Ageing	Closing balance RMB('000)
Within 1 year	313,416
Over 1 year	57,600
Total	371,016

Notes to the Interim Condensed Consolidated Financial Information

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(I) Notes to Items in the Consolidated Balance Sheet** *(Continued)*

4. Long-term borrowings

(1) Breakdown

Items	Closing balance RMB('000)	Closing balance of last year RMB('000)
Pledged borrowings	60,000	
Secured borrowings	97,870	100,000
Secured and guaranteed borrowings	219,560	89,860
Credit borrowings	99,990	154,560
Guaranteed borrowings	37,782	39,881
Total	515,202	384,301

(2) Analysis of long-term borrowings by maturity date

Items	Closing balance RMB('000)	Closing balance of last year RMB('000)
Current or within 1 year	78,400	92,250
1-2 years	407,472	234,460
2-5 years	107,730	149,841
Sub-total	593,602	476,551
Including: Long-term borrowings due within 1 year	78,400	92,250
Long-term borrowings due after 1 year	515,202	384,301

Notes to the Interim Condensed Consolidated Financial Information

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		Amounts for the same period of last year	
	Revenue RMB('000)	Cost RMB('000)	Revenue RMB('000)	Cost RMB('000)
Revenue from principal business	474,139	348,449	495,002	394,683
Other operating revenue	3,004	1,909	3,705	2,436
Total	477,143	350,358	498,707	397,119

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

Items	Amounts for the period		Amounts for the same period of last year	
	Revenue RMB('000)	Cost RMB('000)	Revenue RMB('000)	Cost RMB('000)
Rail fastening system	303,537	183,738	300,433	205,909
Welding wire	141,841	142,211	154,013	154,875
Railway sleepers	28,761	22,500	40,556	33,899
Others	3,004	1,909	3,705	2,436
Sub-total	477,143	350,358	498,707	397,119

2. Investment gains/losses

Items	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	16,041	7,600
Losses on discount of financing of receivables		-4
Investment gains from financial assets held for trading during the holding period		314
Investment gains from disposal of financial assets held for trading		428
Gains/losses on derecognition of financial assets measured at amortised cost		-7
Procedural fees for subscription of financial assets held for trading		-58
Total	16,041	8,273

Notes to the Interim Condensed Consolidated Financial Information

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(II) Notes to the Consolidated Income Statement** (Continued)3. *Gains and losses from changes in fair value*

Item	Amounts for the period RMB('000)	Amounts for the same period of last year RMB('000)
Financial assets held for trading		-58,506
Total		-58,506

4. *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	822	-14,637
Total	822	-14,637

5. *Impairment loss of assets*

Items	Amounts for the period RMB('000)	Amounts for the same period of last year RMB('000)
Impairment loss on contract assets	2,185	125
Impairment loss on inventories	-9,465	-8,326
Total	-7,280	-8,201

6. *Income tax expenses*

Items	Amounts for the period RMB('000)	Amounts for the same period of last year RMB('000)
Current income tax expenses	5,880	3,607
Deferred income tax expenses	-946	-13,029
Total	4,934	-9,422

Notes to the Interim Condensed Consolidated Financial Information

V. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

With the objective of achieving a balance between risks and revenue through risk management, the Company minimises the negative impact of risks to its operating results in order to maximise the interest of its Shareholders and other equity investors. According to the objective set for risk management, the basic strategies of the Company's risk management include the identification and analysis of the Company's exposures to risks, establishment of an appropriate risk tolerance threshold and risk management. In addition, the Company supervises various risks in a timely and reliable manner in order to ensure the exposures are confined in a controlled scope.

During the daily operation, the Company is exposed to various risks associated with 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 arising from default of the counterparty to the financial instruments.

1. Credit risk management practices

(1) Credit risk assessment method

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 changes in default risk arising from 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 over the remaining life on the balance sheet date by more than a certain percentage compared with that at initial recognition;
- 2) The qualitative criteria mainly represent material and adverse changes in the debtors' 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 of repayment to the Company.

Notes to the Interim Condensed Consolidated Financial Information

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 meets one or more of the following conditions, the financial asset will be defined as defaulted by the Company using criteria in line 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, due to economic or contractual considerations 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 considers 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, and establishes the patterns of probability of default, loss given default and exposure at default.

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 regularly conducts credit assessment 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, as of 30 June 2025, 46.0% (31 December 2024: 40.3%) of the Company's accounts receivable and contract assets 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.

Notes to the Interim Condensed Consolidated Financial Information

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	698,462	725,712	186,003	539,709	
Bills payable	37,474	37,474	37,474		
Accounts payable	371,016	371,016	371,016		
Other payables	15,886	15,886	15,886		
Lease liabilities and lease liabilities due within one year	622	642	642		
Sub-total	1,123,460	1,150,730	611,021	539,709	

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	602,191	628,302	221,382	406,920	
Bills payable	53,000	53,000	53,000		
Accounts payable	391,730	391,730	391,730		
Other payables	19,739	19,739	19,739		
Lease liabilities and lease liabilities due within one year	1,245	1,284	642	642	
Sub-total	1,067,905	1,094,055	686,493	407,562	

Notes to the Interim Condensed Consolidated Financial Information

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 2025, the Company's bank borrowings with floating interest rate totaled RMB457,950,000.00 (31 December 2024: RMB330,820,000.00). Assuming that interest rates had been 50 basis points higher/lower with all other variables held constant, interest expenses will increase/decrease by RMB2,290,000.00, resulting in a 4.27% upward/downward impact on audited total profit. There will be no 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			Total RMB('000)
	Level 1 Fair value measurement RMB('000)	Level 2 Fair value measurement RMB('000)	Level 3 Fair value measurement RMB('000)	
Recurring fair value measurement				
1. Financing of receivables			2,792	2,792
2. Other equity instruments investment			18,197	18,197
Total assets measured at fair value on a recurring basis			20,989	20,989

(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.

Notes to the Interim Condensed Consolidated Financial Information

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.* (河北辰騰售電有限公司) (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 Qiujia	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 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

* For identification purpose only

Notes to the Interim Condensed Consolidated Financial Information

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	95,696	128,291
Chenteng Power Sales	Purchase of electricity	17,014	18,003
Total		112,710	146,294

- (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	167	25
	Provision of labour services	231	112
	Sales of goods	2,016	669
Sub-total		2,414	806
Beijing MTR Construction Administration Corporation	Sales of goods	17,519	
Beijing Metro Line 17 Investment Co., Ltd	Sales of goods	7,883	
Beijing Suburban Railway Integration Development Group Co., Ltd.* (北京市域鐵路融合發展集團有限公司)	Sales of goods	300	
Total		28,116	806

* For identification purpose only

Notes to the Interim Condensed Consolidated Financial Information

VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**(II) Related party transactions** (Continued)2. *Related party leases*

The Company as a lessee

Name of lessors	Type of leased assets	Amount for the period			
		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	Recognised right-of-use assets lease 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

Name of lessors	Type of leased assets	Amounts for the same period of last year			
		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	Recognised right-of-use assets lease 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	1,927	29

Notes to the Interim Condensed Consolidated Financial Information

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 <i>RMB('000)</i>	Commencement date of the guarantee	Expiry date of the guarantee	Guarantee fully fulfilled
Zhang Haijun [Note 1]	37,782	20 March 2024	18 March 2030	No
Zhang Haijun, Zhou Qiuju [Note 2]	376,616	31 May 2023	13 October 2027	No

[Note 1] Zhang Haijun signed a maximum guarantee contract of up to RMB550 million with China Guangfa Bank Co., Ltd. Shijiazhuang Branch on behalf of the Company. As of 30 June 2025, the borrowing balance with China Guangfa Bank Co., Ltd. Shijiazhuang Branch was RMB37.782 million.

[Note 2] 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

Items	Amounts for the period <i>RMB('000)</i>	Amounts for the same period of last year <i>RMB('000)</i>
Compensation to key management personnel	1,647	1,867

Notes to the Interim Condensed Consolidated Financial Information

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	Provision for bad debts	Book balance	Provision for bad debts
		RMB('000)	RMB('000)	RMB('000)	RMB('000)
Accounts receivable	Tieke Yichen	9,317	543	15,178	529
	Beijing MTR Construction Administration Corporation	19,203	384		
	Beijing Metro Line 17 Investment Co., Ltd	7,572	151		
	Beijing Suburban Railway Integration Development Group Co., Ltd. * (北京市域鐵路融合發展集團有限公司)	322	6		
Sub-total		36,414	1,084	15,178	529
Prepayments	Chenteng Power Sales	960		2,316	326
Sub-total		960		2,316	326
Other receivables	Yin Yanping	37	11	37	4
	Zhou Hao	6	1		
Sub-total		43	12	37	4
Contract assets	Beijing Metro Line 17 Investment Co., Ltd	1,336	200		
Sub-total		1,336	200		
Other non-current assets	Beijing MTR Construction Administration Corporation	594	89		
	Beijing Suburban Railway Integration Development Group Co., Ltd.	17	3		
Sub-total		611	92		

* For identification purpose only

Notes to the Interim Condensed Consolidated Financial Information

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	10,000	35,000
Sub-total		10,000	35,000
Accounts payable	Tieke Yichen	170,345	161,332
Sub-total		170,345	161,332
Non-current liabilities due within one year	Longji Corporate Management	622	613
Sub-total		622	613
Lease liabilities	Longji Corporate Management		632
Sub-total			632

VIII. COMMITMENTS AND CONTINGENCIES**(I) Significant commitments**

As of the balance sheet date, the Company has no significant contingencies 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**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.

Notes to the Interim Condensed Consolidated Financial Information

XI. OTHER SUPPLEMENTAL INFORMATION**Earnings/(losses) per Share**

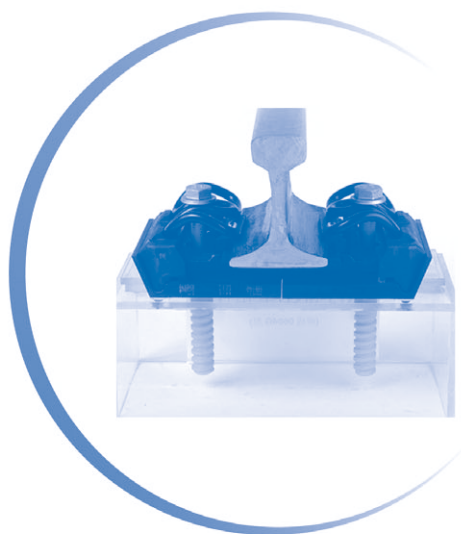
	Earnings/(losses) per share (RMB/share)	
	Basic earnings/ (losses) per share	Diluted earnings/ (losses) per share
Profit for the period		
Net profit/(net loss) attributable to ordinary shareholders of the Company	0.05	0.05
	Earnings/(losses) per share (RMB/share)	
	Basic	Diluted
	earnings/ (losses) per share	earnings/ (losses) per share
Profit for the same period of last year		
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 2025 (six months ended 30 June 2024: nil).

A final dividend of RMB15,083,712 (approximately RMB0.0168 per share (tax inclusive)) for the year ended 31 December 2024 was approved by the shareholders at the annual general meeting held on 29 May 2025 and paid in July 2025.

MANAGEMENT DISCUSSION AND ANALYSIS



INDUSTRY REVIEW

In the first half of 2025, China's economy maintained steady growth momentum, 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 5.3% year-on-year at constant prices.

In the first half of 2025, the fixed asset investments in national railways amounted to RMB355.9 billion, representing a year-on-year increase of 5.5%, effectively exerting the investment-driven effect and contributing to the sustained recovery and growth of the national economy. At the same time, new lines of 301 kilometers in total were added to the operation, with the length of new urban rail transit lines reaching 220.70 kilometers, accelerating the development of a modern railway infrastructure system.

BUSINESS REVIEW

In the first half of 2025, more proactive and effective macro policies yielded notable results. The economy maintained steady growth momentum, demonstrating strong resilience and vitality. It was also noted that there were some external instabilities and uncertainties, while domestic effective demand was insufficient, and that there was still room for consolidating the foundation for economic recovery and improvement. During the six months ended 30 June 2025 (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 2025, total revenue of the Group amounted to approximately RMB477.1 million, representing a year-on-year decrease of approximately 4.3%.

Management Discussion and Analysis

Rail Fastening System Products

For the six months ended 30 June 2025, the revenue from rail fastening system products amounted to approximately RMB303.5 million, accounting for approximately 63.6% of the Group's total revenue and representing an increase of approximately RMB3.1 million as compared with the revenue of approximately RMB300.4 million from rail fastening system for the same period of 2024. The change in revenue from rail fastening system products was attributable to the increase in shipments of rail fastening system products driven by the steady progress of the previously awarded high-speed rail lines.

During the period under review, the operating cost relating to rail fastening system products was approximately RMB183.7 million, representing a decrease of approximately RMB22.2 million from approximately RMB205.9 million for the same period of 2024. The change in the operating cost was mainly due to the combined effect of the Group's proactive optimisation of its customer structure and the decline in raw material prices during the period under review.

During the period under review, the gross profit of rail fastening system products increased by approximately 26.8% from approximately RMB94.5 million for the same period of 2024 to approximately RMB119.8 million; the gross profit margin of rail fastening system products

increased by 8.0% from approximately 31.5% for the same period of 2024 to approximately 39.5%. The change in gross profit from rail fastening system products was mainly attributable to the combined effect of higher revenue from rail fastening system products, optimised customer structure of the Group and lower raw material prices.

As at 30 June 2025, the Group's initial contract value of agreements on supplying rail fastening systems amounted to approximately RMB502.3 million, representing a decrease of approximately 35.3% from the same period of last year; the initial contract value of agreements on high-speed rail fastening systems amounted to approximately RMB371.5 million, representing a decrease of approximately 38.2% compared with the same period of last year; the initial contract value of agreements on urban transit fastening systems amounted to approximately RMB91.9 million, representing an increase of approximately 13.3% compared with the same period of last year; and the initial contract value of agreements on normal-speed rail fastening systems was approximately RMB38.9 million, representing a decrease of approximately 53.7% compared with the same period of last year. As at 30 June 2025, the backlog of the Group amounted to approximately RMB2,132.1 million (value-added tax included).



Management Discussion and Analysis

Welding Wire Products

For the six months ended 30 June 2025, the revenue from welding wire products amounted to approximately RMB141.8 million, accounting for approximately 29.7% of the total revenue of the Group and representing a decrease of approximately 7.9% over revenue of approximately RMB154.0 million from welding wire products for the same period of 2024, which was mainly attributable to the decrease in selling price of welding wire products as a result of intense market competition in the first half of 2025.

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 2025, the revenue from railway sleeper products was approximately RMB28.8 million, accounting for approximately 6.0% of the Group's total revenue and representing a decrease of approximately 29.1% over revenue of approximately RMB40.6 million from railway sleeper products for the same period of 2024. This was mainly attributable to the delay in delivery of railway sleeper products to customers as per their requests.

FUTURE PROSPECTS

As observed from the first half of 2025, the national economy maintained steady growth momentum, demonstrating strong resilience and vitality. The railway department fully leveraged its investment advantages in railway construction, steadily advanced railway planning and development, and kept railway construction investment at a consistently high level.

Since the beginning of this year, the railway department has fully leveraged the advantages of railway construction investment, which features a long industrial chain, broad economic reach and significant multiplier effect. By coordinating resources and efforts, the department has made solid progress in advancing railway planning and construction, maintaining high-level investment in railway infrastructure, achieving positive progress for a large number of key railway projects.

A number of new railway lines and stations had been put into operation. Among which, the newly constructed Chongqing East-Qianjiang section of the Chongqing-Xiamen High-Speed Railway had been put into operation, achieving full connectivity of the Chongqing East-Changsha section of the Chongqing-Xiamen High-Speed Railway; the Songcheng Road Station to Kaifeng Station section of the Zhengzhou-Kaifeng Intercity Railway had been completed and put into service, marking the full operation and connectivity of the Zhengkai Intercity Railway (鄭開城際鐵路); the newly constructed Chongqing East Railway Station had been put into operation, the renovation and upgrading of Cangzhou Railway Station had been completed, and Rizhao Railway Station had been put into use after its new construction and renovation, all of which significantly enhanced the functionality of key railway hubs.

Management Discussion and Analysis

Projects under construction were progressing smoothly. Among which, the Wuhan-Yichang section of the Shanghai-Chongqing-Chengdu High-Speed Railway, the Shenyang-Baihe High-Speed Railway, the Xiangyang-Jingmen High-Speed Railway and the Hefei-Xinyi High-Speed Railway entered the joint commissioning and testing phase; the Baotou-Huonong section of the Baotou-Yinchuan High-Speed Railway, the Chongzuo-Pingxiang High-Speed Railway and the Xi'an-Yan'an High-Speed Railway were undergoing static acceptance inspections; projects such as the Guangzhou-Zhanjiang High-Speed Railway and the Panzhou-Xingyi Railway were accelerating the completion of remaining works, including track laying and fine-tuning adjustments.

Preliminary work for the projects was proceeding in an orderly manner. Focusing on the railway projects and key network-connecting, gap-filling and supply chain strengthening projects as specified in the Outline of the National "14th Five-Year Plan", efforts were made in accelerating preliminary work such as survey and design, feasibility studies and preliminary design. Since the beginning of this year, significant progress has been made in the preliminary work for projects including the Yining-Aksu Railway, the addition of a second track to the Guizhou-Guangxi Railway, and the Wenzhou-Fuzhou High-Speed Railway, laying a solid foundation for their early commencement of construction.

Looking ahead, scientific and technological innovation will have greater importance for the future railway development in China. China State Railway Group Co., Ltd. ("**State Railway Group**") will accelerate the planning and construction of railway infrastructure to ensure the completion of all objectives and tasks outlined in the "14th Five-Year Plan" with high quality. According to the latest reports, the next-generation smart high-speed rail is expected to be launched in 2027. With the continuous improvement of the "Eight Vertical and Eight Horizontal" ("八縱八橫") high-speed railway network, a vibrant and prosperous "Mobile China" ("流動中國") is rapidly taking shape. As a leading rail fastening system provider in the railway industry of China, the Group will seize the market development opportunities under the national goal of building a strong transportation network, insist on taking high-quality rail fastening system products and railway sleeper products as the core, continue to improve product quality and service level, striving to escort the high-level construction and safe operation of China's railways and enhance the convenience of social life. Moreover, the Group will also actively explore new opportunities vertically in the industry, actively diversifying our product portfolio to improve its core competitiveness and profitability. By providing railway products and services with highest quality, the Group will further consolidate its leading position in the industry and win more market recognition.

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 4.3% from approximately RMB498.7 million for the first half of 2024 to approximately RMB477.1 million for the same period of 2025, mainly as a result of the decrease in revenue from welding wire products and railway sleeper products.

Revenue related to rail fastening system products increased by approximately 1.0% from approximately RMB300.4 million for the first half of 2024 to approximately RMB303.5 million for the same period of 2025, mainly attributable to the increase in shipments of rail fastening system products driven by the steady progress of the previously awarded high-speed rail lines.

Revenue related to welding wire products decreased by approximately 7.9% from approximately RMB154.0 million for the first half of 2024 to approximately RMB141.8 million for the same period of 2025, mainly due to the decrease in unit selling price of welding wire products as a result of the intense market competition during the first half of 2025.

Revenue related to railway sleeper products decreased by approximately 29.1% from approximately RMB40.6 million for the first half of 2024 to approximately RMB28.8 million for the same period of 2025, mainly attributable to the delay in delivery of railway sleeper products to customers as per their requests.

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.

Management Discussion and Analysis

Operating Cost

The Group's operating cost was approximately RMB350.4 million for the first half of 2025, representing a decrease of approximately 11.8% from approximately RMB397.1 million for the same period of 2024, which was mainly attributable to the combined effect of the Group's proactive optimisation of customer structure and the decline in raw materials prices during the period under review.

Operating cost relating to rail fastening system products was approximately RMB183.7 million for the first half of 2025, representing a decrease of approximately RMB22.2 million from approximately RMB205.9 million for the same period of 2024. The change in operating cost was mainly attributable to the combined effect of the Group's proactive optimisation of customer structure and the decline in raw material prices during the period under review.

Operating cost related to welding wire products decreased by approximately 8.2% from approximately RMB154.9 million for the first half of 2024 to approximately RMB142.2 million for the same period of 2025, mainly resulted from the decline in raw material prices.

Operating cost related to railway sleeper products decreased by approximately 33.6% from approximately RMB33.9 million for the first half of 2024 to approximately RMB22.5 million for the same period of 2025, mainly resulted from the decrease in shipments of railway sleeper products.

Gross Profit

Based on the aforesaid reasons, the Group recorded a gross profit of approximately RMB126.7 million for the first half of 2025, representing an increase of approximately 24.7% as compared to the gross profit of approximately RMB101.6 million for the same period of 2024, which was mainly due to the combined effect of higher revenue from rail fastening system products, optimised customer structure of the Group and lower raw material prices.

For the six months ended 30 June 2025, the gross profit from rail fastening system products amounted to approximately RMB119.8 million, representing an increase of approximately 26.8% as compared to approximately RMB94.5 million for the same period of 2024; the gross profit margin of rail fastening system products was approximately 39.5%, representing an increase of 8.0% as compared to approximately 31.5% for the same period of 2024; the change in the gross profit from rail fastening system products was mainly attributable to the combined effect of higher revenue from rail fastening system products, optimised customer structure of the Group and lower raw material prices.

In the first half of 2025, the gross profit of welding wire products was approximately RMB0.4 million and the gross profit margin was approximately -0.3%; in the same period of 2024, the gross profit of welding wire products was approximately RMB0.9 million, and the gross profit margin was approximately -0.6%, representing a slight change.

In the first half of 2025, the gross profit of railway sleeper products was approximately RMB6.3 million, as compared to the gross profit of approximately RMB6.7 million for the same period of 2024, representing a slight change; in the first half of 2025, the gross profit margin of railway sleeper products was approximately 21.9%, representing an increase of approximately 5.4% as compared to the gross profit margin of approximately 16.5% for the same period of 2024, which was mainly attributable to the Group's proactive efforts to optimise internal management for reducing costs while enhancing efficiency.

Selling Expenses

Selling expenses of the Group was approximately RMB10.3 million for the first half of 2024 and approximately RMB10.2 million for the first half of 2025, representing a slight change in the selling expenses. For the six months ended 30 June 2024 and 30 June 2025, selling expenses as a percentage of total revenue were both 2.1%.

Management Expenses

Management expenses of the Group amounted to approximately RMB42.2 million for the first half of 2024 and approximately RMB44.0 million for the first half of 2025; for the six months ended 30 June 2024 and 30 June 2025, management expenses as a percentage of total revenue were 8.5% and 9.2%, respectively. The increase in management expenses was mainly attributable to the increase in depreciation and amortisation.

Management Discussion and Analysis

Research and Development Expenses

Research and development expenses of the Group amounted to approximately RMB13.0 million for the first half of 2024 and approximately RMB14.6 million for the first half of 2025; for the six months ended 30 June 2024 and 30 June 2025, research and development expenses as a percentage of total revenue were 2.6% and 3.1%, respectively. The increase in research and development expenses was mainly attributable to the increase in investment in research and development as the Group proactively upgraded its own technological capabilities during the period under review.

Investment Gains

In the first half of 2025, the Group's investment gains totalled approximately RMB16.0 million, while the investment gains totalled approximately RMB8.3 million in the first half of 2024. The increase in investment gains was mainly attributable to the increase in adjusted profit of associates during the period under review.

Gains/Losses from Changes in Fair Value

In the first half of 2025, the Group did not recognise losses from changes in fair value related to financial assets held for trading as the Company had disposed of all of its securities of Hong Kong listed companies in 2024, and for the six months ended 30 June 2024, the losses from changes in fair value related to financial assets held for trading was approximately RMB58.5 million.

Net Finance Costs

For the first half of 2025, the Group incurred net finance costs totalling approximately RMB8.6 million, as compared to net finance costs totalling approximately RMB9.1 million incurred for the first half of 2024. The decrease in net finance costs was mainly attributable to the increase in interest income.

Operating Profits/Losses

Based on the aforesaid reasons, the Group's operating profits increased by approximately RMB105.2 million to approximately RMB53.6 million in the first half of 2025, as compared to operating losses of approximately RMB51.6 million in the same period of 2024.

Net Profit/Loss

In the first half of 2025, the Group's net profit increased by approximately RMB90.8 million to approximately RMB48.6 million, as compared to net loss of approximately RMB42.2 million in the first half of 2024.

In the first half of 2025, the Group's net profit attributable to owners of the parent amounted to approximately RMB48.6 million, representing an increase of approximately RMB90.8 million as compared with net loss attributable to owners of the parent of approximately RMB42.2 million for the same period of 2024; for the first half of 2025, basic earnings per share amounted to RMB0.05, representing a year-on-year increase in basic earnings of RMB0.1 per share as compared to basic losses of RMB0.05 per share for the same period of 2024, which was mainly due to the overall sound business performance as a result of the Group's proactive optimisation of customer structure and the decline in raw material prices in the first half of 2025.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Total Assets

As at 30 June 2025, the total assets of the Group were approximately RMB3,593.1 million, representing an increase of approximately 2.6% as compared to approximately RMB3,501.5 million as at 31 December 2024, which was mainly due to the stocking of rail fastening system.

Total Liabilities

As at 30 June 2025, the total liabilities of the Group were approximately RMB1,167.8 million, representing an increase of approximately 5.5% as compared to approximately RMB1,107.1 million as at 31 December 2024, which was mainly attributable to the increase in bank borrowings.

Total Equity

As at 30 June 2025, the total equity of the Group was approximately RMB2,425.4 million, representing an increase of approximately 1.3% as compared to approximately RMB2,394.4 million as at 31 December 2024, which was mainly attributable to the increase in net profit in the first half of 2025.

Management Discussion and Analysis

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 2025, the Group’s gearing ratio was 16.8%, representing a decrease of 0.5 percentage points as compared to 17.3% as at 31 December 2024, which was mainly attributable to the increase in cash and cash equivalents held by the Group.

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

There were no significant investments held, or material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group during the period under review, and the Company did not have any future plans for material investments or capital assets as at the date of this report.

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 2025, the following assets were pledged by the Group to secure certain borrowings granted to the Group:

Items	30 June 2025 RMB'000
Monetary capital	17,979
Accounts receivable	12,701
Fixed assets	311,047
Intangible assets	77,433
Total	419,160

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 2025, the Group incurred total staff costs of approximately RMB50.5 million for 1,274 employees (as at 30 June 2024: 1,277 employees), as compared to the total staff costs of approximately RMB51.0 million incurred for the same period of 2024, 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 2025, a total of 7,315 hours of regular training were organised, with attendance totaling 3,696 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 2025, 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 corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”)) (a) which are 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) which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which are 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	Personal interest	Interest of spouse	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)
				Deemed interest pursuant to Section 317 of the SFO (Note 1)	Total number		
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	572,582,774	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 together 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 2025.
- (3) Based on the total number of 897,840,000 Shares in issue as of 30 June 2025.

Save as disclosed above, as at 30 June 2025, 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 which were 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.

Other Information

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

As at 30 June 2025, 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%

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. Yin Yanping (尹彦萍) (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%

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. 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%
Mr. Wang Lei (汪磊) (“ Mr. Wang ”) (Note 18)	H Shares	Interest of controlled corporation	31,101,000	13.86%	3.46%
Ms. Zhang Zimo (張紫墨) (“ Ms. Zhang ”) (Note 18)	H Shares	Interest of spouse	31,101,000	13.86%	3.46%
Moomoo Trustee (Singapore) Pte. Ltd. (Note 18)	H Shares	Trustee	31,101,000	13.86%	3.46%
Cyber Warrior Holdings Limited (Note 18)	H Shares	Interest of controlled corporation	31,101,000	13.86%	3.46%
Brainstorming Cafe Limited (Note 18)	H Shares	Interest of controlled corporation	31,101,000	13.86%	3.46%
Flowing Cloud Technology Ltd (Note 18)	H Shares	Beneficial owner	31,101,000	13.86%	3.46%
Beijing Infrastructure Investment Co., Ltd.* (北京市基礎設施投資有限公司) (Note 19)	H Shares	Interest of controlled corporation	38,102,000	16.97%	4.24%
Beijing Infrastructure Investment (Hong Kong) Limited (Note 19)	H Shares	Beneficial owner	38,102,000	16.97%	4.24%
Shijiazhuang State-controlled Investment Group Co., Ltd. (Note 20)	H Shares	Interest of controlled corporation	20,300,000	9.04%	2.26%
GUOKONG (HONG KONG) INVESTMENT CO., LIMITED (Note 20)	H Shares	Beneficial owner	20,300,000	9.04%	2.26%

* For identification purpose only

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 together 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 2025.
- (3) Based on the total number of 897,840,000 Shares in issue as of 30 June 2025.
- (4) Ms. Zhou Qiuju (周秋菊) is the spouse of Mr. Zhang Haijun (張海軍). Under the SFO, Ms. Zhou Qiuju is deemed to be interested in the same number of Shares in which Mr. Zhang Haijun 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 is deemed to be interested in the same number of Shares in which Mr. Zhang Xiaosuo is interested.
- (6) Ms. Liu Jiao (劉皎) is the spouse of Mr. Zhang Libin (張力斌). Under the SFO, Ms. Liu Jiao is deemed to be interested in the same number of Shares in which Mr. Zhang Libin 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 is deemed to be interested in the same number of Shares in which Mr. Zhang Xiaogeng 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 is deemed to be interested in the same number of Shares in which Mr. Wu Jinyu 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 is deemed to be interested in the same number of Shares in which Mr. Zhang Ligang is interested.
- (10) Ms. Zhang Weihuan (張偉環) is the spouse of Mr. Zhang Chao (張超). Under the SFO, Ms. Zhang Weihuan is deemed to be interested in the same number of Shares in which Mr. Zhang Chao 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 is deemed to be interested in the same number of Shares in which Mr. Zhang Lijie 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 is deemed to be interested in the same number of Shares in which Mr. Zhang Lifeng is interested.

Other Information

- (13) Mr. Zhang Weiwei (張偉衛) is the spouse of Ms. Zhang Yanfeng (張艷峰). Under the SFO, Mr. Zhang Weiwei is deemed to be interested in the same number of Shares in which Ms. Zhang Yanfeng 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 is deemed to be interested in the same number of Shares in which Mr. Zhang Lihuan is interested.
- (15) Ms. Huang Li (黃麗) is the spouse of Mr. Zhang Ning (張寧). Under the SFO, Ms. Huang Li is deemed to be interested in the same number of Shares in which Mr. Zhang Ning is interested.
- (16) Mr. Liu Chaohui (劉朝輝) is the spouse of Ms. Zhang Hong (張宏). Under the SFO, Mr. Liu Chaohui is deemed to be interested in the same number of Shares in which Ms. Zhang Hong 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 is deemed to be interested in the same number of Shares in which Mr. Zhang Ruiqiu is interested.
- (18) To the best of the knowledge, information and belief of the Directors and based on the shareholding disclosures made by substantial Shareholders pursuant to Part XV of the SFO,
- these 31,101,000 H Shares are held by Flowing Cloud Technology Ltd;
 - Flowing Cloud Technology Ltd is controlled as to approximately 30.91% by Brainstorming Cafe Limited, which is in turn owned as to approximately 70% by Cyber Warrior Holdings Limited and 30% by Wanglei Co., Ltd.;
 - Cyber Warrior Holdings Limited is controlled as to 100% by Moomoo Trustee (Singapore) Pte. Ltd., a trustee under Waterstones Trust, a discretionary trust of which Mr. Wang is the settlor and protector;
 - Ms. Zhang is the spouse of Mr. Wang;
 - Accordingly, under the SFO, each of Mr. Wang, Moomoo Trustee (Singapore) Pte. Ltd., Cyber Warrior Holdings Limited and Brainstorming Cafe Limited is deemed to be interested in the H Shares in which Flowing Cloud Technology Ltd is interested, Mr. Wang is deemed to be interested in the H Shares held in trust under Waterstones Trust, and Ms. Zhang is deemed to be interested in the H Shares in which Mr. Wang is interested.
- (19) 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.
- (20) These 20,300,000 H Shares are held by GUOKONG (HONG KONG) INVESTMENT CO., LIMITED, which is wholly owned by Shijiazhuang State-controlled 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 State-controlled Investment Group Co., Ltd. is deemed to be interested in the H Shares beneficially owned by GUOKONG (HONG KONG) INVESTMENT CO., LIMITED.

* For identification purpose only

Other Information

Save as disclosed above, as at 30 June 2025, 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 2024 for further details.

The Board shall be 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 shall determine 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 shall, 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 shall not issue and shall 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.

Other Information

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, become vested, been 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 2025, the relevant trustee of the H Share Award Scheme of the Company purchased an aggregate of 10,597,000 H shares of the Company from the market. 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 was 10,597,000.

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 2025.

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 2025 and up to the date of this report.

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

As of 30 June 2025, the relevant trustee of the H Share Award Scheme of the Company purchased an aggregate of 10,597,000 H shares of the Company from the market, at the average purchase price of approximately RMB2.61 per share, which are intended for the employee incentive plan.

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 2025. As at 30 June 2025, there were no treasury shares (as defined under the Listing Rules) held by the Company.

Other Information

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 2025 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 2025.

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 2025, each of them had fully complied with the required standards set out in the "Model Code for Securities Transactions by Directors of Listed Issuers".

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the six months ended 30 June 2025, 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*
ZHANG Haijun
Chairman

Shijiazhuang, the PRC
28 August 2025

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