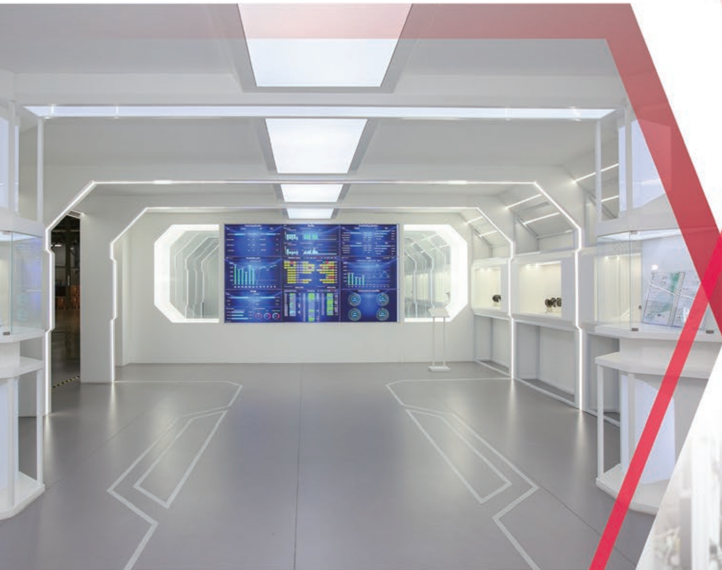
POWER XINCHEN
新晨动力

XINCHEN CHINA POWER HOLDINGS LIMITED
新晨中國動力控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1148



2026
INTERIM REPORT

RESULTS

The board of directors (the "**Board**") of Xinchen China Power Holdings Limited (the "**Company**") presents the unaudited consolidated interim financial results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2026 together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

		Six months ended	
		30 June 2026	30 June 2025
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*4*	**1,222,902**	2,804,434
Cost of sales		**(1,137,807)**	(2,672,046)
Gross profit		**85,095**	132,388
Other income	*5*	**20,262**	27,264
Impairment losses, net	*6*	**(998)**	(166)
Other gains and losses, net	*7*	**58,131**	(1,809)
Selling and distribution expenses		**(17,401)**	(14,257)
Administrative expenses		**(70,875)**	(89,856)
Other expenses		**(17,340)**	(8,142)
Finance costs		**(21,440)**	(19,774)
Share of loss of an associate		**(11,527)**	(7,901)
Profit before tax	*8*	**23,907**	17,747
Income tax expense	*9*	**(2,853)**	(1,254)
Profit for the period		**21,054**	16,493
Attributable to:			
Equity holders of the Company		**18,083**	16,493
Non-controlling interests ("**NCI**")		**2,971**	–
		21,054	16,493
Earnings per share attributable to equity holders of the Company			
Basic and diluted *(RMB)*	*11*	**0.014**	0.013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Cont'd)

For the six months ended 30 June 2026

		Six months ended	
		30 June 2026	30 June 2025
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Profit for the period		**21,054**	16,493
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Fair value gain on:			
Finance assets measured at fair value through other comprehensive income ("**FVTOCI**")		**–**	36
Other comprehensive income for the period		**–**	36
Total comprehensive income for the period		**21,054**	16,529
Attributable to:			
Equity holders of the Company		**18,083**	16,529
Non-controlling interests		**2,971**	–
		21,054	16,529

The notes on pages 8 to 28 are an integral part of this interim report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2026

	Notes	**30 June 2026 RMB'000 (unaudited)**	31 December 2025 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**1,321,281**	1,000,285
Right-of-use assets	*12*	**510**	204,345
Prepaid lease payments		**177,695**	105,332
Interest in an associate		**238,119**	249,646
Intangible assets	*12*	**502,842**	502,421
Deferred tax assets		**17,844**	6,140
Loan to a shareholder	*13*	**10,099**	9,915
		2,268,390	2,078,084
CURRENT ASSETS			
Inventories	*14*	**518,779**	436,947
Trade and other receivables	*15*	**865,468**	1,022,247
Amounts due from related companies	*16*	**3,030**	3,497
Pledged bank deposits	*17*	**37,486**	40,988
Bank balances and cash	*17*	**132,683**	272,554
		1,557,446	1,776,233

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
As at 30 June 2026

	Notes	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
CURRENT LIABILITIES			
Trade and other payables	*18*	**566,170**	461,254
Amounts due to related companies	*19*	**45,025**	33,335
Amount due to an associate	*20*	**192,977**	665,844
Borrowings due within one year	*21*	**564,177**	551,710
Lease liabilities	*22*	**515**	136,744
Tax payable		**2,708**	337
		1,371,572	1,849,224
NET CURRENT ASSETS/(LIABILITIES)		**185,874**	(72,991)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,454,264**	2,005,093
NON-CURRENT LIABILITIES			
Borrowings due after one year	*21*	**566,978**	107,800
Lease liabilities	*22*	**–**	127,526
Deferred income		**5,144**	6,960
		572,122	242,286
NET ASSETS		**1,882,142**	1,762,807
CAPITAL AND RESERVES			
Share capital	*23*	**10,457**	10,457
Reserves		**1,770,433**	1,752,350
		1,780,890	1,762,807
NCI		**101,252**	–
TOTAL EQUITY		**1,882,142**	1,762,807

The notes on pages 8 to 28 are an integral part of this interim report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Share capital RMB'000	Share premium RMB'000 (Note a)	Special reserve RMB'000 (Note b)	Surplus reserves RMB'000 (Note c)	Deemed distribution to a shareholder RMB'000 (Note d)	Contribution from a shareholder RMB'000 (Note e)	FVTOCI reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	NCI RMB'000	Total RMB'000
At 1 January 2025	10,457	700,258	193,457	405,337	(11,285)	8,319	(36)	447,647	1,754,154	–	1,754,154
Profit for the period	–	–	–	–	–	–	–	16,493	16,493	–	16,493
Other comprehensive income for the period	–	–	–	–	–	–	36	–	36	–	36
At 30 June 2025 (unaudited)	10,457	700,258	193,457	405,337	(11,285)	8,319	–	464,140	1,770,683	–	1,770,683
At 1 January 2026	10,457	700,258	193,457	407,913	(11,285)	8,319	–	453,688	1,762,807	–	1,762,807
Profit and other comprehensive income for the period	–	–	–	–	–	–	–	18,083	18,083	2,971	21,054
Transactions with owners:											
NCI arising from business combination	–	–	–	–	–	–	–	–	–	98,281	98,281
At 30 June 2026 (unaudited)	**10,457**	**700,258**	**193,457**	**407,913**	**(11,285)**	**8,319**	**–**	**471,771**	**1,780,890**	**101,252**	**1,882,142**

Notes:

(a) Share premium represents the difference between the par value of the share issued and the subscription and issue prices of new shares in prior years.

(b) Special reserve represents the difference between paid-in capital of Mianyang Xinchen Engine Co., Limited* (綿陽新晨動力機械有限公司) ("**Mianyang Xinchen**") and issued share capital of the Company arising from group reorganization.

(c) Surplus reserves comprise statutory surplus reserve and discretionary surplus reserve of Mianyang Xinchen, a major operating subsidiary of the Group, which are non-distributable and the transfer to these reserves is determined according to the relevant laws in the People's Republic of China (the "**PRC**") and by the board of Mianyang Xinchen in accordance with its Articles of Association. Statutory surplus reserve amounting to approximately RMB278,169,000 as at 30 June 2026 (31 December 2025: approximately RMB278,169,000), can be used to make up for previous year's losses or convert into additional capital of Mianyang Xinchen. Discretionary surplus reserve amounting to approximately RMB129,744,000 as at 30 June 2026 (31 December 2025: approximately RMB129,744,000) can be used to expand the existing operations of Mianyang Xinchen.

(d) Deemed distribution to a shareholder represents the fair value adjustments on an interest-free loan to a subsidiary of a joint controlling shareholder of Mianyang Xinchen in prior years.

(e) Contribution from a shareholder represents the fair value adjustments on shares awarded by Lead In Management Limited ("**Lead In**") to a third party in prior years. Details of which are set out in Note 13.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Six months ended	
	30 June 2026	30 June 2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before taxation	**23,907**	17,747
Adjustments for non-cash items	**52,849**	154,908
Operating cash flows before changes in working capital	**76,756**	172,655
Increase in inventories	**(19,574)**	(72,620)
Decrease in trade and other receivables	**389,893**	423,618
Decrease in receivables measured at FVTOCI	**–**	12,195
(Decrease)/Increase in trade and other payables	**(16,601)**	43,928
Decrease/(Increase) in amounts due from related companies	**466**	(29,914)
Increase in amounts due to related companies	**14,224**	12,631
Decrease in amount due to an associate	**(472,867)**	(467,484)
Cash (used in)/generated from operations	**(27,703)**	95,009
Income tax refunded/(paid)	**274**	(891)
Net cash (used in)/generated from operating activities	**(27,429)**	94,118
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	**612**	1,125
Purchase of property, plant and equipment	**(5,642)**	(12,488)
Proceeds on disposal of property, plant and equipment	**348**	3,888
Development costs paid	**(11,630)**	(9,592)
Decrease pledged bank deposits	**3,502**	–
Placement of pledged bank deposits	**–**	(20,836)
Acquisition of a subsidiary, net of cash acquired	**(44,199)**	–
Net cash used in investing activities	**(57,009)**	(37,903)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

For the six months ended 30 June 2026

	Six months ended	
	30 June 2026	30 June 2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Interest paid	**(21,194)**	(19,774)
Repayment of borrowings	**(335,489)**	(380,914)
Repayment to related companies	**(2,534)**	(875)
New borrowings raised	**337,648**	419,846
Payment of lease liabilities	**(33,864)**	(67,611)
Net cash used in financing activities	**(55,433)**	(49,328)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(139,871)**	6,887
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**272,554**	85,570
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	**132,683**	92,457

Note:

The Group entered into the following non-cash transactions which are not reflected in the condensed consolidated statement of cash flows:

– During the six months ended 30 June 2026, the Group modified certain lease arrangements with BMW Brilliance Automotive Ltd., which decreased right-of-use assets and lease liabilities by approximately RMB177,876,000 and RMB229,871,000 respectively at the effective date of the lease modification and resulted in a gain on lease modification of approximately RMB51,995,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Act (Revised) of the Cayman Islands on 10 March 2011. Brilliance China Automotive Holdings Limited ("**Brilliance China**", Brilliance China and its subsidiaries collectively referred to as "**Brilliance China Group**"), a company listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), and Sichuan Province Yibin Wuliangye Group Co., Ltd.* (四川省宜賓五糧液集團有限公司) ("**Wuliangye**", Wuliangye and its subsidiaries collectively referred to as "**Wuliangye Group**"), a state owned enterprise registered in the PRC, are able to exercise significant influence over the Company. Shenyang Automobile Group Co., Ltd.* (瀋陽汽車集團有限公司) is the single largest shareholder of Brilliance China. In March 2013, the Company completed the listing of its shares on the Main Board of the Stock Exchange.

The principal activities of the Group are the development, manufacture and sale of automotive engines for passenger vehicles and light duty commercial vehicles, manufacture of engine parts and components of passenger vehicles, and manufacture and sale of special vehicle components in the PRC.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements for the six months ended 30 June 2026 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The condensed consolidated interim financial statements for the six months ended 30 June 2026 were approved and authorised for issue by the Board on 20 August 2026.

These condensed consolidated interim financial statements are presented in Renminbi ("**RMB**'"), unless otherwise stated.

These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025. The accounting policies and significant accounting judgments and estimates used in the preparation of these condensed consolidated interim financial statements are consistent with those applied in the Group's annual consolidated financial statements, except for the adoption of amended HKFRS Accounting Standards as disclosed in note 3.

Acquisitions of subsidiaries

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognised in profit or loss.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Cont'd)

Acquisitions of subsidiaries (Cont'd)

Business combinations (Cont'd)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value on the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as bargain purchase gain.

Where the consideration the Group transferred in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration classified as equity is not subsequently remeasured and its subsequent settlement is accounted for within equity.

Contingent consideration classified as a financial liability is subsequently remeasured at each reporting dates at fair value with changes in fair value recognised in profit or loss.

Basis of consolidation

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the condensed consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the condensed consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

3. ADOPTION OF AMENDED HKFRS ACCOUNTING STANDARDS

Amended HKFRS Accounting Standards that are effective for annual period beginning on 1 January 2026

The condensed consolidated interim financial statements for the six months ended 30 June 2026 have been prepared in accordance with the accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the following amended HKFRS Accounting Standards which are effective as of 1 January 2026.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11

The amendments did not have a material impact on the condensed consolidated interim financial statements of the Group.

Issued but not yet effective HKFRS Accounting Standards

At the date of authorisation of these condensed consolidated interim financial statements, certain new and amended HKFRS Accounting Standards have been published but are not yet effective, and have not been adopted early by the Group. The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The directors expected that the new and amended HKFRS Accounting Standards issued but not effective are not expected to have a material impact on the Group's condensed consolidated interim financial statements.

4. REVENUE AND SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided.

The Group's operation and main revenue streams are those described in the latest annual financial statements. The Group's revenue is derived from contracts with customers. Revenue for sale of gasoline engines, diesel engines, engine components and special vehicle components is recognised at a point of time. All the contracts with customers are agreed at fixed price and the expected duration of the contracts is one year or less.

4.1 SEGMENT REVENUE AND SEGMENT RESULTS

The Board reviews operating results and financial information on a product by product basis. Each individual engine product constitutes an operating segment. For certain operating segments that exhibit similar long-term financial performance as they have similar economic characteristics, which are produced by using similar production processes and are distributed and sold to similar classes of customers, the financial information is aggregated into a single reportable operating segment.

During the six months period ended 30 June 2026, due to the acquisition of a subsidiary, the Board has identified "special vehicle components" as a new reportable segment.

The Group has four reportable operating segments as follows:

(1) Gasoline engines;

(2) Diesel engines;

(3) Engine components; and

(4) Special vehicle components.

Revenue reported above represents revenue generated from sale of goods or service provision to external customers. There were no inter-segment sales during the six months ended 30 June 2026 and 2025.

Segment results represent the profit earned by each segment before the allocation of other income, net of impairment losses, net of other gains and losses, selling and distribution expenses, administrative expenses, other expenses, finance costs and share of loss of an associate. This is the measure reported to the Board for the purpose of resource allocation and performance assessment.

Segment assets exclude interest in an associate, loan to a shareholder, pledged bank deposits and bank balances and cash as these assets are managed on a group basis.

Segment liabilities exclude borrowings and amounts due to related parties as these liabilities are managed on a group basis.

4. REVENUE AND SEGMENT INFORMATION (Cont'd)

4.1 SEGMENT REVENUE AND SEGMENT RESULTS (Cont'd)

The following is an analysis of the Group's revenue and results by reportable segments for the six months ended 30 June 2026:

	Gasoline engines *RMB'000*	**Diesel engines** *RMB'000*	**Engine components** *RMB'000*	**Special vehicle components** *RMB'000*	**Total** *RMB'000*
For the six months ended 30 June 2026 (unaudited)					
Revenue					
– From external customers	**641,720**	**56,302**	**249,534**	**275,346**	**1,222,902**
Segment revenue	**641,720**	**56,302**	**249,534**	**275,346**	**1,222,902**
Segment results	**15,543**	**11,047**	**30,756**	**27,749**	**85,095**
Other income					**20,262**
Impairment losses, net					**(998)**
Other gains and losses, net					**58,131**
Selling and distribution expenses					**(17,401)**
Administrative expenses					**(70,875)**
Other expenses					**(17,340)**
Finance costs					**(21,440)**
Share of loss of an associate					**(11,527)**
Profit before tax					**23,907**

The following is an analysis of the Group's revenue and results by reportable segments for the six months ended 30 June 2025:

	Gasoline engines *RMB'000*	Diesel engines *RMB'000*	Engine components *RMB'000*	Special vehicle components *RMB'000*	Total *RMB'000*
For the six months ended 30 June 2025 (unaudited)					
Revenue					
– From external customers	2,389,029	53,832	361,573	–	2,804,434
Segment revenue	2,389,029	53,832	361,573	–	2,804,434
Segment results	74,051	5,929	52,408	–	132,388
Other income					27,264
Impairment losses, net					(166)
Other gains and losses, net					(1,809)
Selling and distribution expenses					(14,257)
Administrative expenses					(89,856)
Other expenses					(8,142)
Finance costs					(19,774)
Share of loss of an associate					(7,901)
Profit before tax					17,747

4. REVENUE AND SEGMENT INFORMATION (Cont'd)

4.1 SEGMENT REVENUE AND SEGMENT RESULTS (Cont'd)

The assets and liabilities by reportable segments as at 30 June 2026

	Gasoline engines, diesel engines and engine components* *RMB'000*	**Special vehicle components** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
As at 30 June 2026 (unaudited)				
Segment assets	**2,764,274**	**642,641**	**534**	**3,407,449**
Interest in an associate				**238,119**
Unallocated assets				**180,268**
Total assets				**3,825,836**
Segment liabilities	**688,254**	**77,070**	**2,190**	**767,514**
Unallocated liabilities				**1,176,180**
Total liabilities				**1,943,694**

* *No discrete financial information on segment assets and segment liabilities is available for these three segments.*

The assets and liabilities by reportable segments as at 31 December 2025

	Gasoline engines, diesel engines and engine components* *RMB'000*	Special vehicle components *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
As at 31 December 2025 (restated)				
Segment assets	3,279,850	–	1,364	3,281,214
Interest in an associate				249,646
Unallocated assets				323,457
Total assets				3,854,317
Segment liabilities	1,392,713	–	5,952	1,398,665
Unallocated liabilities				692,845
Total liabilities				2,091,510

* *No discrete financial information on segment assets and segment liabilities is available for these three segments.*

4.2 GEOGRAPHICAL INFORMATION

The majority of the Group's operations and non-current assets are located in the PRC; and all of the Group's revenue from external customers is generated in the PRC, which is the country of domicile of the operating subsidiaries.

5. OTHER INCOME

	Six months ended	
	30 June 2026	30 June 2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Bank interest income	**612**	1,125
Bad debt recovered	**2,552**	5,412
Additional recoverable value-added tax granted by local tax bureau	**–**	4,034
Compensation income	**11**	5,700
Government grants	**11,824**	3,883
Imputed interest income from loan to a shareholder	**544**	558
Rental income under operating leases	**4,257**	4,349
Utility income	**404**	2,203
Sundry income	**58**	–
	20,262	27,264

6. IMPAIRMENT LOSSES, NET

	Six months ended	
	30 June 2026	30 June 2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Impairment losses recognised on:		
– Trade and other receivables *(Note 15)*	**998**	166

7. OTHER GAINS AND LOSSES, NET

	Six months ended	
	30 June 2026	30 June 2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Foreign exchange gains, net	**2,207**	7
Gain on disposal of miscellaneous materials	**2**	2,418
Gain on disposal of property, plant and equipment	**95**	–
Gain on modification of lease	**51,995**	–
Loss on written-off of property, plant and equipment	**(1,811)**	(3,577)
Net loss arising on receivables measured at FVTOCI	**(1,096)**	(657)
Fair value change of contingent consideration payable	**(677)**	–
Gain on bargain purchase on acquisition of a subsidiary	**7,416**	–
	58,131	(1,809)

8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging/(crediting):

	Six months ended	
	30 June 2026	30 June 2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Employee benefits expenses (including directors):		
– Salaries and other benefits	**70,614**	52,209
– Retirement benefit scheme contributions	**14,583**	13,835
Total staff costs	**85,197**	66,044
Fair value change of contingent consideration	**677**	–
Gain on bargain purchase on acquisition of a subsidiary	**(7,416)**	–
Depreciation of right-of-use assets	**25,926**	51,924
Depreciation of property, plant and equipment	**45,124**	42,419
Depreciation of prepaid lease payments	**2,676**	2,060
Amortisation of intangible assets	**11,489**	35,448
Total depreciation and amortisation	**85,215**	131,851

9. INCOME TAX EXPENSE

	Six months ended	
	30 June 2026	30 June 2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
PRC Enterprise Income Tax ("**EIT**")		
– Current tax	**4,188**	1,977
– Deferred tax	**(1,335)**	(723)
	2,853	1,254

According to the extension announcement of "The State Administration of Taxation on extension on EIT related with enhancing the Western Region Development Strategy" (國家稅務總局關於延續西部大開發企業所得稅政策的公告), Mianyang Xinchen will be eligible to the reduced EIT rate of 15% from 2021 to 2030.

Pursuant to the relevant laws and regulations in the PRC, Xinchen Engine (Shenyang) Co., Limited* (新晨動力機械(瀋陽)有限公司) and Shanxi Xinchen Lantian Equipment Manufacturing Co., Ltd.* (山西新晨蘭田裝備製造有限公司) obtained the High and New Technology Enterprises qualification. Accordingly, they enjoyed a preferential income tax rate of 15% during the six months ended 30 June 2026 and 2025.

No Hong Kong Profits Tax has been made as the Group's income neither arise in, nor is derived from, Hong Kong.

10. DIVIDENDS

No dividend has been paid or declared by the Company during both periods ended 30 June 2026 and 2025, nor has any dividend been proposed since the end of the reporting period.

11. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended	
	30 June 2026	30 June 2025
	(unaudited)	(unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share *(RMB'000)*	**18,083**	16,493
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,282,211,794**	1,282,211,794

Diluted earnings per share is the same as basic earnings per share as there was no potential dilutive ordinary share outstanding during the periods.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the current interim period, the Group acquired property, plant and equipment, other than construction in progress, amounting to approximately RMB1,037,000 (six months ended 30 June 2025: approximately RMB689,000) for the purpose of upgrading its manufacturing capacity of the Group. During the current interim period, the Group disposed of certain plant and equipment with an aggregate carrying amount of approximately RMB348,000 (six months ended 30 June 2025: approximately RMB3,888,000) resulting in a loss on written off of approximately RMB1,811,000 (six months ended 30 June 2025: approximately RMB3,577,000) and a gain on disposal of approximately RMB95,000 (six months ended 30 June 2025: Nil).

In addition, during current interim period, the Group had approximately RMB4,605,000 (six months ended 30 June 2025: approximately RMB11,799,000) addition to construction in progress, primarily for scaling up the Group's production facilities and capacity.

During the current interim period, the Group capitalised development costs of technical know-how of new automotive engines amounting to approximately RMB11,630,000 (six months ended 30 June 2025: approximately RMB9,592,000) for the purposes of expanding its products range of gasoline and diesel engines.

As at 30 June 2026, the carrying amounts of the Group's right-of-use assets in respect of office premises and production facilities amounted to approximately RMB510,000 (31 December 2025: approximately RMB204,345,000).

13. LOAN TO A SHAREHOLDER

As detailed in Note 30, the Company has two trust arrangements which entitle the Group's employees to subscribe for shares of the Company (the "**Shares**") through Lead In for their services to the Group. Under the loan agreements dated 18 October 2011, each of the two shareholders of the Company, namely Brilliance Investment Holdings Limited ("**Brilliance Investment**") and Xinhua Investment Holdings Limited ("**Xinhua Investment**"), advanced loans in equal amounts of HK$20,000,000 to the Company (collectively, the "**Loans from Shareholders**"). In return, (i) the Company lent an aggregate amount of HK$40,000,000, equal to the Loans from Shareholders, to Lead In (the "**Loan to a Shareholder**") with an original repayment term of one year from the date of loan agreement entered by the Company and Lead In, and (ii) Lead In used the funding obtained from the Company to subscribe for 36,977,960 Shares under the Discretionary Trust (as defined and detailed in Note 30). The Company does not have the power to direct the relevant activities of Lead In and the ability to use its power over the entities to affect its exposure of returns as detailed in Note 30. Therefore, the Group considers the funding to Lead In is classified as loan to a shareholder. All the loan are non-trade related, unsecured and interest free.

Following the cessation of the operation and further implementation of the share incentive scheme by the Company as detailed in Note 30, depending on, among others, the prevailing trading prices of the Shares held under the Discretionary Trust, Lead In may in future dispose of these Shares gradually and in an orderly manner and use the sale proceeds to repay the Loan to a Shareholder.

The Company has repaid Loans from Shareholders in October 2013, whilst the Loan to a Shareholder was renewed annually and is further extended to October 2026.

At 30 June 2026, the management of the Company expected the balance would not be recovered within one year and the outstanding balance is classified as non-current assets. Management of the Company conducted the 12-month expected credit losses ("**ECL**") assessment on the receivable after taking into account factors that are specific to the debtor, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group provided loss allowance amounting to approximately HK$24,650,000, equivalent to approximately RMB21,362,000 as at 30 June 2026 (31 December 2025: approximately HK$24,650,000, equivalent to approximately RMB22,180,000) based on periodic individual assessment on the recoverability.

14. INVENTORIES

Based on assessment by the management of the Group, no additional provision during the current interim period of inventories were made, which is determined with reference to the net realisable value of the inventory items.

15. TRADE AND OTHER RECEIVABLES

Trade and other receivables comprise the following:

	30 June 2026 *RMB'000* **(unaudited)**	31 December 2025 *RMB'000* (audited)
Trade receivables	**854,372**	1,178,703
Less: Allowance for credit losses	**(296,443)**	(295,527)
Trade receivables, net	**557,929**	883,176
Bills receivable	**127,831**	115,190
Less: Allowance for credit losses	**–**	–
Total trade and bills receivables	**685,760**	998,366
Prepayments for purchase of raw materials and engine components	**53,869**	20,152
Land resumption compensation receivables	**114,136**	–
Other receivables	**11,706**	3,729
Less: Allowance for credit losses	**(3)**	–
	865,468	1,022,247

15. TRADE AND OTHER RECEIVABLES (Cont'd)

The Group generally allows a credit period of 30 to 120 days from the invoice date for trade receivables and a further 3 to 6 months for bills receivable to its external customers. The following is an aging analysis of trade receivables, net of ECL allowance, presented based on the invoice date as at the end of the reporting period:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 1 month	**209,546**	337,689
Over 1 month but within 2 months	**302,026**	531,206
Over 2 months but within 3 months	**1,382**	1,601
Over 3 months but within 6 months	**37,438**	10,641
Over 6 months but within 1 year	**6,034**	1,107
Over 1 year	**1,503**	932
	557,929	883,176

The following is an aging analysis of bills receivable, net of ECL allowance, presented based on the issuance date of bills as at the end of the reporting period:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 3 months	**87,801**	57,453
Over 3 months but within 6 months	**40,030**	57,737
	127,831	115,190

At 30 June 2026 and 31 December 2025, the Group assessed the impairment of its customers based on provision matrix. The table below provided information about the exposure to credit risk and ECL for trade receivables which were assessed based on provision matrix as at 30 June 2026 and 31 December 2025:

30 June 2026 (unaudited)

	Gross carrying amount	**Loss rate range**	**ECL**
	RMB'000	**%**	***RMB'000***
	(unaudited)		**(unaudited)**
Not past due	**514,699**	**0.90-2.10**	**2,839**
Past due:			
Within 1 month	**35,102**	**0.90-2.10**	**392**
Over 1 month but within 3 months	**4,213**	**0.90-4.79**	**35**
Over 6 months but within 1 year	**6,061**	**0.90-4.79**	**68**
Over 1 year	**294,297**	**41.18-100.00**	**293,109**
	854,372		**296,443**

15. TRADE AND OTHER RECEIVABLES (Cont'd)

31 December 2025 (audited)

	Gross carrying amount *RMB'000* (audited)	Loss rate range %	ECL *RMB'000* (audited)
Not past due	866,620	0.90-2.10	1,613
Past due:			
Within 1 month	6,026	0.90-2.10	145
Over 1 month but within 3 months	2,285	0.90-4.79	44
Over 3 months but within 6 months	7,745	0.90-4.79	232
Over 6 months but within 1 year	1,653	0.90-4.79	51
Over 1 year	294,374	41.18-100.00	293,442
	1,178,703		295,527

Movement in the ECL of trade receivables:

	30 June 2026 ***RMB'000*** **(unaudited)**	31 December 2025 *RMB'000* (audited)
At the beginning of the reporting period/year	**295,527**	294,407
Acquisition of subsidiary	**1,331**	–
ECL recognised	**998**	1,120
Amount written off	**(1,413)**	–
At the end of the reporting period/year	**296,443**	295,527

16. AMOUNTS DUE FROM RELATED COMPANIES

Analysed as:

	30 June 2026 ***RMB'000*** **(unaudited)**	31 December 2025 *RMB'000* (audited)
Non-trade related	**24**	25
Trade related, gross	**270,217**	270,683
Less: Allowance for credit losses	**(267,211)**	(267,211)
Trade receivables, net	**3,006**	3,472
	3,030	3,497

16. AMOUNTS DUE FROM RELATED COMPANIES (Cont'd)

The trade related amounts due from related companies are with details as follows:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Huachen Group#		
Shenyang Brilliance Power Train Machinery Co., Ltd.* 瀋陽華晨動力機械有限公司	**1,703**	1,703
Brilliance China Group		
Jinbei (Shenyang) Automotive Co., Ltd.* 金杯(瀋陽)汽車有限公司 ("**Jinbei Shenyang**")	**–**	266
Shenyang XingYuanDong Automobile Component Co., Ltd.* 瀋陽興遠東汽車零部件有限公司	**1,303**	1,503
	3,006	3,472

\# *Huachen Automotive Group Holdings Company Limited* 華晨汽車集團控股有限公司 ("**Huachen Automotive**") and its subsidiaries collectively referred to as "**Huachen Group**"*

The Group applied simplified approach to provide the ECL prescribed by HKFRS 9. To measure the ECL of amounts due from related companies, the balances have been assessed based on individual assessment. As at 30 June 2026, the Group assessed the credit rating for its customers and applying the expected loss rate ranging from 0.1% to 100% (31 December 2025: 0.1% to 100%) over the gross carrying amounts. As at 30 June 2026, ECL allowance amounting to approximately RMB267,211,000 (31 December 2025: approximately RMB267,211,000) was recognised based on individual assessment by reference to the Group's historical credit loss experiences, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the end of the reporting period as well as the forecast of future conditions.

Movement in the ECL:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
At the beginning and the end of the reporting period/year	**267,211**	267,211

17. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Balances denominated in foreign currencies:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Hong Kong Dollars	**30,104**	29,965
United States Dollars	**9,177**	448

Other than bank balances shown above, all other remaining bank balances are denominated in RMB.

18. TRADE AND OTHER PAYABLES

Trade and other payables comprise the following:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables	**263,148**	231,613
Bills payable	**142,027**	149,900
Total trade and bills payables	**405,175**	381,513
Construction payables	**4,679**	7,433
Payroll and welfare payables	**2,252**	14,441
Advances from customers *(Note i)*	**15,469**	25,204
Provision for warranty *(Note ii)*	**9,154**	11,778
Retention money	**14,708**	10,963
Provision for operating expenses	**6,771**	5,349
Contingent consideration payable	**55,224**	–
Other payables	**52,738**	4,573
	566,170	461,254

Notes:

i. As at 30 June 2026 and 31 December 2025, the balance represented the contract liabilities, i.e. the Group's obligation to transfer goods or services to customers for which the Group had received consideration from the customers. During the period ended 30 June 2026, the contract liabilities balance at the beginning of the period were fully recognised as revenue from sale of goods.

   The decrease in contract liabilities as at 30 June 2026 is mainly due to the decrease in the deposits received as a result of less manufacturing orders received during the reporting period.

ii. The balance of provision for warranty represents management's best estimate of the Group's liability under the one year warranty granted on the sale of automotive engines and automotive engine components, based on prior experience and industry average for defective products at the end of the reporting period.

The credit period of trade payables and bills payable is normally within 3 months and 3 to 6 months, respectively. The following is an aging analysis of trade payables presented based on the invoice date as at the end of the reporting period:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 3 months	**144,070**	199,359
Over 3 months but within 6 months	**57,142**	15,657
Over 6 months but within 1 year	**36,084**	5,856
Over 1 year but within 2 years	**18,293**	488
Over 2 years	**7,559**	10,253
	263,148	231,613

18. TRADE AND OTHER PAYABLES (Cont'd)

The following is an aging analysis of bills payable presented based on the issuance date of bills as at the end of the reporting period:

	30 June 2026 *RMB'000* **(unaudited)**	31 December 2025 *RMB'000* (audited)
Within 3 months	**53,651**	79,386
Over 3 months but within 6 months	**84,609**	59,848
Over 6 months but within 1 year	**3,767**	10,666
	142,027	149,900

19. AMOUNTS DUE TO RELATED COMPANIES

	30 June 2026 *RMB'000* **(unaudited)**	31 December 2025 *RMB'000* (audited)
Trade related:		
Huachen Group		
Huachen Automotive	**–**	610
Brilliance China Group		
Mianyang Brilliance Ruian Automotive Components Co., Ltd.* 綿陽華晨瑞安汽車零部件有限公司	**3,734**	5,105
Jinbei Shenyang	**12,261**	–
Shenyang ChenFa Automobile Component Co., Ltd.* 瀋陽晨發汽車零部件有限公司	**3,439**	3,439
Shenyang JinBei Vehicle Dies Manufacturing Co., Ltd.* 瀋陽金杯汽車模具製造有限公司	**15**	15
Wuliangye Group		
Mianyang Xinhua Trading Co., Ltd.* 綿陽新華商貿有限公司	**164**	251
Mianyang Xinhua Intelligent Drive Technology Co., Ltd.* 綿陽新華智驅科技股份有限公司 (“**Xinhua Intelligent**”) (formerly known as Mianyang Xinhua Internal Combustion Engine Joint Stock Company Limited* 綿陽新華內燃機股份有限公司 (“**Xinhua Combustion Engine**”))	**25,228**	23,638
Sichuan Yi Bin Pushi Automotive Components Co., Ltd.* 四川省宜賓普什汽車零部件有限公司	**20**	20
	44,861	33,078
Non-trade related:		
Brilliance China Group		
Brilliance China	**164**	257
	45,025	33,335

19. AMOUNTS DUE TO RELATED COMPANIES (Cont'd)

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Trade related balances analysed as:		
Trade payables	**29,321**	16,870
Bills payable	**15,540**	16,208
	44,861	33,078

The aging of trade related amounts due to related companies presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Within 3 months	**24,917**	11,493
Over 3 months but within 6 months	**193**	1,140
Over 6 months but within 1 year	**635**	9
Over 1 year	**3,576**	4,228
	29,321	16,870

The bills payable are guaranteed by banks in the PRC and have maturities of 3 to 6 months. The following is an aging analysis of bills payable (trade related) presented based on the issuance date of bills at the end of the reporting period:

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Within 3 months	**6,280**	5,720
Over 3 months but within 6 months	**9,260**	10,488
	15,540	16,208

The trade related amounts are interest-free, unsecured and with credit period of 3 to 6 months.

The non-trade related amounts are interest-free, unsecured and repayable on demand.

20. AMOUNT DUE TO AN ASSOCIATE

The balance is interest free, unsecured and repayable on demand.

The aging of trade related amounts due to an associate presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 3 months	**192,977**	665,654
Over 6 months but within 12 months	**–**	190
	192,977	665,844

21. BORROWINGS

During the current interim period, the Group obtained new bank borrowings amounting to approximately RMB337,648,000 (six months ended 30 June 2025: approximately RMB419,846,000) carrying interest ranging from 2.15% to 4.63% (six months ended 30 June 2025: 3.30% to 4.80%) per annum. The proceeds of the borrowings were used to finance the acquisition and construction of new plant facilities and used for working capital and other general purposes.

22. LEASE LIABILITIES

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Total minimum lease payments:		
Within 1 year	**520**	146,015
After 1 year but within 2 years	**–**	130,726
	520	276,741
Future finance charges on leases liabilities	**(5)**	(12,471)
Present value of leases liabilities	**515**	264,270

23. SHARE CAPITAL

	Number of shares	**Amount**
		HK$
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2025, 31 December 2025 and 30 June 2026	8,000,000,000	80,000,000
Issued and fully paid:		
At 31 December 2025 and 30 June 2026	1,282,211,794	12,822,118

23. SHARE CAPITAL (Cont'd)

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Share capital presented in the condensed consolidated statement of financial position	**10,457**	10,457

24. FINANCIAL INSTRUMENTS

Set out below is an overview of financial assets, other than cash and pledged bank deposits, and financial liabilities held by the Group as at 30 June 2026 and 31 December 2025:

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Financial asset:		
At amortised cost#	**980,150**	1,318,570
Financial liabilities:		
At amortised cost##	**1,910,703**	1,762,037
Lease liabilities	**515**	264,270
At fair value through profit or loss ("**FVTPL**")		
Contingent consideration payable	**55,224**	–
	1,966,422	2,026,307

Prepayments, deposits and value added tax recoverable are excluded.

Advances from customers, provision for warranty, payroll and welfare payables and other tax payables are excluded.

25. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and not using significant unobservable inputs.

Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

25. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Cont'd)

The financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position on a recurring basis are grouped into the fair value hierarchy as follows:

	Note	Level 1	Level 2	Level 3	Total
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 30 June 2026					
Financial liabilities at FVTPL					
– Contingent consideration payable	*(a)*	**–**	**–**	**55,224**	**55,224**
At 31 December 2025					
Financial liabilities at FVTPL					
– Contingent consideration payable		–	–	–	–

Note:

(a) The information about the fair value of contingent consideration payable for a business combination categorised under Level 3 fair value hierarchy are described below:

	Valuation technique	Unobservable input	Range	
			2026	2025
Contingent consideration payable	Income Approach: Discounted cash flow	Discount rate	**2.87%**	N/A

The fair value of contingent consideration payable related to the acquisition of a subsidiary is estimated using a present value technique. The fair value of RMB55,224,000 is estimated by probability weighting the estimated future cash outflows. The discount rate used is 2.87%, based on the yield to maturity of the local government bond. An increase in the discount rate would decrease the fair value of the contingent consideration payable. As at 30 June 2026, it is estimated that with all other variables held constant, an increase/(decrease) in discount rate by 5% would have (decrease)/increase the fair value of the contingent consideration payable and (decrease)/increase the Group's profit or loss by RMB200,000.

The reconciliation of the carrying amounts of the Group's financial instruments classified within Level 3 of the fair value hierarchy is as follows:

Contingent consideration payable	**30 June 2026**	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Fair value at the beginning of the reporting period/year	**–**	–
Acquired through business combination	**55,901**	–
Fair value change recognised in profit or loss	**(677)**	–
Fair value at the end of the reporting period/year	**55,224**	–

Fair value change on contingent consideration payable is recognised in profit or loss and included under "Other gains and losses, net".

There have been no transfers into or out of Level 3 during the six months ended 30 June 2026 (31 December 2025: Nil).

26. OPERATING LEASE COMMITMENTS

The Group as lessor

Property rental income earned was approximately RMB172,000 for the period ended 30 June 2026 (six months ended 30 June 2025: approximately RMB241,000).

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within one year	**8,184**	8,184
Due in the second to fifth years	**12,275**	16,367
	20,459	24,551

27. CAPITAL COMMITMENTS

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Capital expenditure in respect of acquisition of property, plant and equipment, prepaid lease payments and development costs:		
– contracted for but not provided in the condensed consolidated financial statements	**12,063**	9,872
– Capital expenditure in respect of investment in subsidiary	**36,000**	84,865

28. CONTINGENT LIABILITIES

During the period, the Group (i) endorsed certain bills receivable for the settlement of trade and other payables; and (ii) discounted certain bills receivable to banks for raising of cash. In the opinion of the directors, the Group has transferred the significant risks and rewards relating to these bills receivable, and the Group's obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of the default in payment of the endorsed and discounted bills receivable is low because all endorsed and discounted bills receivable are issued and guaranteed by the reputable PRC banks. As a result, the relevant assets and liabilities were not recognised in the condensed consolidated financial statements. The maximum exposure to the Group that may result from the default of these endorsed and discounted bills receivable at the end of the reporting period are as follows:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Settlement of trade and other payables	**175,931**	477,371
Discounted bills for raising of cash	**–**	29,723
Outstanding endorsed and discounted bills receivable with recourse	**175,931**	507,094

28. CONTINGENT LIABILITIES (Cont'd)

Maturity analysis of the outstanding endorsed and discounted bills receivable:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 3 months	**144,900**	476,931
Over 3 months but within 6 months	**31,031**	30,163
	175,931	507,094

29. MATERIAL RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in the condensed consolidated financial statements, during the period, the Group entered into the following transactions with related parties:

	Six months ended	
	30 June 2026	30 June 2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Sale of goods		
Brilliance China Group	**32,640**	3,808
Sichuan Li Xinchen Technology Co., Ltd ("**Li Xinchen**")	**6,520**	41,157
	39,160	44,965
Purchase of goods		
Brilliance China Group	**1,436**	2,908
Wuliangye Group	**23,318**	66,563
Li Xinchen	**431,974**	2,173,621
	456,728	2,243,092
Lease payment and auxiliary services		
Brilliance China Group	**600**	1,124
Lease income and auxiliary services charged		
Li Xinchen	**4,322**	6,167
Repairment fee		
Wuliangye Group	**105**	25
Water and electricity costs charged		
Wuliangye Group	**3**	3
Freight charges		
Wuliangye Group	**387**	–

29. MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

Transactions/balances with other state-controlled entities in the PRC

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government ("**State-controlled Entities**"). The Group has entered into various transactions in the ordinary course of business, including deposits placements, borrowings and other general banking facilities, with banks which are PRC government related entities. In addition, the Group itself is jointly controlled by a subsidiary of Brilliance China and a subsidiary of Wuliangye, each of which are ultimately controlled by the PRC government. Apart from the transactions with Brilliance China Group and Wuliangye Group disclosed above, the Group also conducts business with other State-controlled Entities. The directors consider those State-controlled Entities to be independent third parties so far as the Group's business transactions with them are concerned.

30. SHARE BASED PAYMENT TRANSACTION

Share Incentive Scheme

During the year ended 31 December 2011, the Company established a share incentive scheme to provide an incentive to directors, management, employees and relevant personnel of the Group who have contributed or will make contributions to the development and growth of the Group (the "**Beneficiaries**") which contains two trust arrangements, namely a fixed trust (the "**Fixed Trust**") and a discretionary trust (the "**Discretionary Trust**"). On 31 October 2011, the Company issued 93,999,794 Shares, representing approximately 9.998% of then enlarged issued share capital of the Company, to Lead In, which held on trust for the relevant Beneficiaries under the two trust arrangements at subscription price of HK$1.0817 per Share. The subscription price of HK$1.0817 per Share was considered as fair value since it was determined based on the Mianyang Xinchen's valuation report, which was issued by an independent valuer for the purpose of group reorganisation and it was also used to determine the consideration for the shares issued to Dongfeng Motors Engineering Co., Ltd. (i.e. HK$1.0817 per Share), which is an independent third party prior to its investment.

The Company ceased the operation and further implementation of the share incentive scheme with effect from 6 December 2021.

Prior to 1 January 2017, all Shares under the Fixed Trust were awarded to the Beneficiaries. No Share had been awarded under the Discretionary Trust for the six months ended 30 June 2026 and 2025. As at 30 June 2026, Lead In held 33,993,385 Shares under the Discretionary Trust.

No Shares were granted, exercised, lapsed or forfeited under the Discretionary Trust during the six months ended 30 June 2026 and 2025.

MANAGEMENT’S DISCUSSION & ANALYSIS

Business review

In the first half of 2026, the Group achieved total unaudited revenue of approximately RMB1,222.90 million, representing a decrease of approximately 56.39% compared to approximately RMB2,804.43 million for the corresponding period last year. The decrease in revenue was mainly due to a decrease in the trading of extended range gasoline engines during the period.

Sales volume of engines decreased by approximately 71.53%, from approximately 236,000 units in the first half of 2025 to approximately 67,200 units in the first half of 2026, mainly due to the decrease in trading of extended range gasoline engines.

With respect to the engines business segment, the Group recorded approximately 71.43% decrease in the segment revenue, from approximately RMB2,442.86 million in the first half of 2025 to approximately RMB698.02 million in the first half of 2026. The decrease was mainly due to a decrease in the trading of extended range gasoline engines.

With respect to the engine components segment, the Group recorded approximately 30.99% decrease in the segment revenue, from approximately RMB361.57 million in the first half of 2025 to approximately RMB249.53 million in the first half of 2026. The decrease in revenue was mainly due to the reduction in demand from customers because of the gradual shift from traditional engine models to the pure electric ones. The Group sold approximately 164,000 units of Bx8 crankshaft in the first half of 2026, representing an approximately 14.14% decrease compared to approximately 191,000 units for the corresponding period of 2025.

The Group sold approximately 321,000 units of connecting rods in the first half of 2026, representing an approximately 17.05% decrease compared to approximately 387,000 units for the corresponding period of 2025. The decrease in the sales volume of connecting rods was mainly due to decrease in sales for use by BMW models.

The unaudited cost of sales amounted to approximately RMB1,137.81 million in the first half of 2026, representing a decrease of approximately 57.42% compared to approximately RMB2,672.05 million for the corresponding period last year. The decrease was generally in line with the decrease in the Group’s total unaudited revenue.

The gross profit margin of the Group increased as the sales volume of traditional gasoline and diesel engines increased which derived a slightly higher profit margin. It was approximately 6.96% in the first half of 2026 whilst it was approximately 4.72% in the first half of 2025.

The unaudited other income decreased from approximately RMB27.26 million for the first half of 2025 to approximately RMB20.26 million for the first half of 2026, representing a decrease of approximately 25.68%.

An impairment loss of approximately RMB1.00 million for the first half of 2026 was recognized whereas there was approximately RMB0.20 million recognized for the first half of 2025.

The unaudited other gains and losses amounted to a gain of approximately RMB58.13 million for the first half of 2026 whereas there was a loss of approximately RMB1.81 million for the first half of 2025. The gain was mainly due to the gain on lease modification in respect of the sale and leaseback transaction entered into with BMW Brilliance Automotive Ltd. during the year ended 31 December 2022.

The unaudited selling and distribution expenses increased by approximately 22.05%, from approximately RMB14.26 million in the first half of 2025 to approximately RMB17.40 million in the first half of 2026, representing approximately 0.51% and approximately 1.42% of the revenue in the first half of 2025 and 2026 respectively. The increase in terms of value was mainly due to the increase in the sales of traditional engines business. The increase in terms of percentage value was mainly due to a greater extent of decrease in revenue of the trading of the extended range gasoline engines during the period in 2026.

The unaudited administrative expenses decreased by approximately 21.12%, from approximately RMB89.86 million in the first half of 2025 to approximately RMB70.88 million in the first half of 2026, representing approximately 3.20% and approximately 5.80% of the revenue in the first half of 2025 and 2026 respectively. The decrease in terms of amount was mainly due to the decrease in amortisation of intangible assets and the general decrease in office expenses. The increase in terms of percentage value was mainly due to the greater extent of decrease in revenue during the period.

The unaudited finance costs increased by approximately 8.43%, from approximately RMB19.77 million in the first half of 2025 to approximately RMB21.44 million in the first half of 2026. The increase was mainly due to the completion of acquisition of a subsidiary during the period.

The Group's unaudited profit before tax increased by approximately 34.71%, from approximately RMB17.75 million in the first half of 2025 to approximately RMB23.91 million in the first half of 2026.

The unaudited income tax expense increased by approximately 127.51%, from approximately RMB1.25 million for the first half of 2025 to approximately RMB2.85 million for the first half of 2026. This increase was due to more income tax being recognized during the reporting period.

For the first half of 2026, the Group recorded unaudited profit attributable to the owners of the Company of approximately RMB18.08 million, representing an increase of approximately 9.64% compared to approximately RMB16.49 million for the corresponding period of 2025.

Liquidity and financial resources

As at 30 June 2026, the Group had approximately RMB132.68 million in bank balances and cash (31 December 2025: approximately RMB272.55 million), and approximately RMB37.49 million in pledged bank deposits (31 December 2025: approximately RMB40.99 million).

As at 30 June 2026, the Group had trade and other payables of approximately RMB566.17 million (31 December 2025: approximately RMB461.25 million), bank borrowings due within one year in the amount of approximately RMB564.18 million (31 December 2025: approximately RMB551.71 million), and bank borrowings due after one year in the amount of approximately RMB566.98 million (31 December 2025: approximately RMB107.80 million).

Pledge of assets

As at 30 June 2026, the Group pledged certain of its land use rights, buildings, construction in progress with an aggregate carrying value of approximately RMB154.81 million (31 December 2025: approximately RMB64.03 million) to certain banks to secure certain credit facilities and other borrowings granted to the Group.

As at 30 June 2026, the Group also pledged bank deposits of approximately RMB37.49 million (31 December 2025: approximately RMB40.99 million) to certain banks to secure certain credit facilities granted to the Group.

As at 30 June 2026, the Group pledged certain of its receivables with an aggregate gross amount, before impairment loss, of approximately RMB1.51 million (31 December 2025: approximately RMB1.51 million) to secure general banking facilities granted to the Group.

Gearing ratio

As at 30 June 2026, the debt-to-equity ratio of the Group, computed by dividing total liabilities by total equity attributable to the equity owners of the Company, was approximately 1.09 (31 December 2025: approximately 1.19). The decrease in the debt-to-equity ratio was mainly due to the significant decrease in amount due to an associate in relation to the trading of extended range gasoline engines during the period.

As at 30 June 2026, the gearing ratio, computed by dividing borrowings by total equity attributable to owners of the Company, was approximately 63.52% (31 December 2025: approximately 37.41%). The increase in gearing ratio was mainly due to the increase in total bank borrowings after acquisition of a subsidiary during the period.

Contingent liabilities

During the period under review, the Group (i) endorsed certain bills receivable for the settlement of trade and other payables; and (ii) discounted certain bills receivable to banks for raising cash. The Group considered that the risk of default in payment of the endorsed and discounted bills receivable was low because all endorsed and discounted bills receivable were issued and guaranteed by reputable PRC banks.

Capital commitments

As at 30 June 2026, the Group had capital commitments contracted for but not provided for in the condensed consolidated financial statements of approximately RMB48.06 million (31 December 2025: approximately RMB94.74 million). These were primarily related to the acquisition of property, plant and equipment and the remaining capital injection into a subsidiary.

Foreign exchange risks

The Group's functional currency is RMB. Since the Group has certain assets and liabilities, such as receivables, payables, cash and bank borrowings, denominated in foreign currencies, such as United States Dollar and Hong Kong Dollar, the Group is exposed to foreign currency translation risk.

The Group has monitored and will continue to monitor its foreign exchange risks and may consider hedging its foreign currency exposure, if and when necessary.

Employees and remuneration policy

As at 30 June 2026, the Group had approximately 1,274 employees (30 June 2025: approximately 1,004). Employee costs amounted to approximately RMB85.20 million for the six months ended 30 June 2026 (for the six months ended 30 June 2025: approximately RMB66.04 million). The Group will endeavor to ensure that the employees' salary levels are in line with industry practice and prevailing market conditions and that employees' remuneration is based on their performance.

Outlook

China's economy has demonstrated resilient growth in the first half of 2026 amid a challenging global environment, supported by industrial output, export strength, and strategic policy measures. The automobile manufacturing sector remained a key contributor despite overall market headwinds, including weak domestic consumption, continuing difficulty in the property sector, and adjustments in consumer incentives. The PRC government continues to support the industry by taking steps to stabilize growth, promoting technological upgrading, and promoting high-quality development in new energy vehicles ("**NEV**").

In the first half of 2026, passenger vehicle sales in the PRC declined by approximately 6% year-on-year to around 12.72 million units, according to the China Association of Automobile Manufacturers. While the broader market faced downward pressure, NEV demonstrated relative resilience, with total NEV sales (including pure battery electric vehicles ("**BEV**") and plug-in hybrid electric vehicles/range-extended electric vehicles ("**REEV**") growing around 7.3% to approximately 7.45 million units. NEV continued to gain market share, approaching or exceeding 50% in some monthly production figures in the first half of the year. Exports provided a significant offset to weaker domestic demand, surging notably and helping stabilize industry volumes.

During the reporting period, the Group's revenue declined substantially, primarily due to lower demand for extended-range gasoline engines supplied through the joint venture company ("**JVC**") with Li Auto Inc. ("**Li Auto**"). This reflected Li Auto's reduced sales of range-extended models amid a product mix shift toward BEV, as well as softer overall demand in the REEV segment. Contributions from traditional gasoline and diesel engines and related components continued, but were not sufficient to offset the decline in the range-extender business.

The REEV technology continues to offer consumers a practical balance of electric driving experience and long-distance convenience without range anxiety. However, in the first half of 2026, the REEV segment experienced softer demand, with sales declining amid a broader market shift toward BEV.

Li Auto, a key player in this space, saw reduced volumes for its L-series sport-utility vehicles (L9, L8, L7 and L6) during the period, partly due to model transition cycles, while its pure-electric models gained a larger share of its total deliveries. The JVC remains an important platform for long-term strategic cooperation, supplying extended-range gasoline engines. Looking ahead, we hope that demand will stabilise as Li Auto and other partners roll out refreshed REEV models featuring improved battery capacities and upgraded range-extender technologies. The Group is actively seeking additional major NEV customers to expand the adoption of our NEV-compatible engines for range-extension applications, both in the domestic and overseas markets.

In the engine components business, certain segments such as crankshafts for Bx8 engines continued to face pressure, mainly due to the substantial decline in sales of BMW's engine-driven models in the PRC market during the first half of 2026. To mitigate this impact, we are intensifying efforts to secure new customers and expanding our component offerings tailored for NEV applications, in line with the industry's ongoing shift toward electrification.

Going forward to the second half of 2026 and beyond, we expect the PRC automobile industry to stabilize gradually, supported by ongoing policy frameworks, technological innovation, and export growth. The purchase tax incentives for NEV remain in place through 2027, with a halved exemption (capped at RMB15,000 per vehicle) applicable in 2026–2027, providing continued though moderated support for consumer adoption. Further policy normalization and a focus on self-sustaining growth are anticipated post-2027, alongside emphasis on quality upgrades, autonomous driving advancements, and supply chain resilience.

The Group remains optimistic about the long-term prospects of the NEV sector, particularly REEV, and will continue to leverage our JVC partnership with Li Auto while diversifying our customer base and enhancing capabilities in NEV-related engines and components. We will also monitor macroeconomic indicators, policy developments, and market dynamics closely to adapt our strategies and capture opportunities in this evolving landscape.

Following the successful completion of the acquisition of a majority interest in Zhonghang Lantian Equipment Manufacturing Co., Ltd. (subsequently renamed as Shanxi Xinchen Lantian Equipment Manufacturing Co., Ltd.) in January 2026, the Group has expanded its business into the special-purpose and off-road vehicle sectors. This strategic move enables the Group to diversify beyond passenger vehicle engines into markets such as mining vehicles, wide-body dump trucks and heavy-duty automated guided vehicles. It also creates opportunities to supply range-extender engines to these segments, which are expected to remain predominantly range-extended for a longer period due to demanding operating conditions in mine areas. The acquisition broadens the Group's customer base, strengthens its product portfolio and supports longer-term growth and risk diversification amid the ongoing electrification of the automotive industry.

INTERIM DIVIDEND

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

SHARE INCENTIVE SCHEME ESTABLISHED BY LEAD IN

The share incentive scheme (the "**Incentive Scheme**") was established in 2011 to serve as a retention tool, and to align the interests of the Beneficiaries identified by the trustees of the trusts (further described hereinafter) with that of the Company. Lead In was incorporated for the purpose of holding the Shares on trust for the Beneficiaries pursuant to the Incentive Scheme.

Lead In is currently owned as to 100% by Mr. Deng Han, an executive director of the Company. Lead In held such Shares on trust for the Beneficiaries under two separate trust arrangements, namely the "Fixed Trust" and the "Discretionary Trust".

The Company ceased the operation and further implementation of the Incentive Scheme with effect from 6 December 2021. The Company would explore and adopt other methods as retention tool in replacement of the Incentive Scheme to meet the current company operating conditions and market environment. Following the cessation of the operation and further implementation of the Incentive Scheme by the Company, depending on, among others, the prevailing trading prices of the Shares, Lead In may in future dispose of the Shares held under the Discretionary Trust gradually and in an orderly manner and use the sale proceeds to repay the loan advanced by the Company to Lead In.

All Shares under the Fixed Trust were awarded to the Beneficiaries. No Share had been awarded under the Discretionary Trust for the six months ended 30 June 2026. As at 30 June 2026, Lead In held 33,993,385 Shares under the Discretionary Trust.

SHARE OPTION SCHEME

The Company adopted a share option scheme by an ordinary resolution passed by the shareholders of the Company at the annual general meeting of the Company held on 19 June 2023 (the "**Share Option Scheme**"). The purpose of the Share Option Scheme is to provide an incentive or reward for the grantees of options for their contribution or potential contribution to the Group.

The Share Option Scheme will remain in force for a period of 10 years from 19 June 2023. The period during which an option may be exercised will be determined by the directors of the Company at their absolute discretion, save that no option shall be exercised later than 10 years from the date of grant.

The maximum number of shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme (the "**Scheme Mandate Limit**") was 128,221,179 Shares, representing 10% of the shares in issue as at the date of adoption of the Share Option Scheme and as at the date of this report. The maximum entitlement of each individual eligible participant as defined in the Share Option Scheme in any 12-month period must not exceed 1% of the shares in issue, provided that the maximum entitlement for any grantee being a substantial shareholder or an independent non-executive director or any of their respective associates shall be capped at 0.1% of the shares in issue. Any grant exceeding these individual limits shall be subject to shareholders' approval, with (a) with respect to any grant exceeding the aforesaid 1% limit, the relevant grantee and his/her close associates (or associates if the relevant grantee is a connected person); and (b) with respect to any grant exceeding the aforesaid 0.1% limit, the relevant grantee, his/her associates and all core connected persons of the Company, abstaining from voting.

The number of share options available for grant under the Scheme Mandate Limit and the service provider sublimit of the Share Option Scheme were 128,221,179 Shares and 12,822,117 Shares respectively as at 1 January 2026 and 30 June 2026. No share options had been granted by the Company under the Share Option Scheme since its inception and for the six months ended 30 June 2026 and no expenses were recognised by the Group for the period under review (six months ended 30 June 2025: nil).

CHANGE IN DIRECTORS' INFORMATION

There is no change in information of the directors of the Company as required to be disclosed under Rule 13.51B(1) of the Listing Rules since the date of the 2025 annual report up to the date of this interim report.

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

As at 30 June 2026, so far as known to the directors of the Company, each of the following persons (other than a director or chief executive of the Company) had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (the "**SFO**"):

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of shareholding[5]
Brilliance Investment	Beneficial owner	400,000,000	31.20%
Brilliance China[1]	Interest in a controlled corporation	400,000,000	31.20%
Xinhua Investment	Beneficial owner	400,000,000	31.20%
Xinhua Intelligent[2] (formerly known as Xinhua Combustion Engine)	Interest in a controlled corporation	400,000,000	31.20%
Sichuan Yibin Pushi Group Co., Ltd.[3]	Interest in a controlled corporation	400,000,000	31.20%
Wuliangye[4]	Interest in a controlled corporation	400,000,000	31.20%

Notes:

(1) Brilliance Investment is wholly-owned by Brilliance China and Brilliance China is deemed or taken to be interested in approximately 31.20% of the issued share capital of the Company in which Brilliance Investment is interested.

(2) Xinhua Investment is a direct wholly-owned subsidiary of Xinhua Intelligent and Xinhua Intelligent is deemed or taken to be interested in approximately 31.20% of the issued share capital of the Company in which Xinhua Investment is interested.

(3) Xinhua Intelligent is a direct non wholly-owned subsidiary of Sichuan Yibin Pushi Group Co., Ltd. ("**Pushi Group**") and Pushi Group is deemed or taken to be interested in approximately 31.20% of the issued share capital of the Company in which Xinhua Investment is interested.

(4) Pushi Group is a direct wholly-owned subsidiary of Wuliangye and Wuliangye is deemed or taken to be interested in approximately 31.20% of the issued share capital of the Company in which Xinhua Investment is interested.

(5) These percentages are calculated on the basis of 1,282,211,794 Shares in issue as at 30 June 2026.

Save as disclosed herein, as at 30 June 2026, there was no other person (other than a director or chief executive of the Company) so far as known to the directors of the Company, as having an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2026, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange, are set out below:

Interest in the shares of the Company

Name of director	Nature of interest	Number and class of Shares	Approximate percentage of shareholding(2)
Mr. Deng Han(1)	Beneficial owner	2,994,258 ordinary	0.23%
	Trustee and interest in a controlled corporation	33,993,385 ordinary	2.65%

Notes:

(1) Mr. Deng Han is a trustee of the Discretionary Trust (which holds 33,993,385 Shares for the Beneficiaries) and holds 100% interests in Lead In. Accordingly, Mr. Deng is deemed or taken to be interested in approximately 2.65% of the issued share capital of the Company.

(2) These percentages are calculated on the basis of 1,282,211,794 Shares in issue as at 30 June 2026.

Save as disclosed above, as at 30 June 2026, none of the directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2026.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to achieving and maintaining the highest standards of corporate governance, consistent with the needs and requirements of the business and its shareholders. The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix C1 to the Listing Rules. The Company has complied with all code provisions of the CG Code throughout the six months ended 30 June 2026.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry of all directors of the Company, all directors have confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2026.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters, including the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2026.

At present, the audit committee comprises Mr. Chi Guohua, Mr. Wang Jun and Ms. Dong Yan, all of whom are independent non-executive directors. Mr. Chi Guohua is the chairman of the audit committee.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises two executive directors: Mr. Zhang Wei *(Chairman)* and Mr. Deng Han *(Chief Executive Officer)*; two non-executive directors: Mr. Yang Ming and Ms. Huang Yu; and three independent non-executive directors: Mr. Chi Guohua, Mr. Wang Jun and Ms. Dong Yan.

By Order of the Board
Xinchen China Power Holdings Limited
Zhang Wei
Chairman

Hong Kong, 20 August 2026

* *for identification purposes only*